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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2239

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**EAST EUROPE REPORT  
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**CONTENTS**

**HUNGARY**

|   |   |
|---|---|
| Improvement in Housing Management Problems Discussed<br>(Laszlo Gal; PARTELET, No 1, 1982)..... | 1 |
| <b>Briefs</b>   |   |
| Crop Report   | 5 |

**POLAND**

|  |    |
|--|----|
| 1981 Socioeconomic Data Reported<br>(T. Jezioranski; TRYBUNA LUDU, 29 Jan 82).....   | 6  |
| Synthesized National Balance of Payments Published<br>(BANK I KREDYT, Oct-Nov 81).....                                       | 17 |
| Special Currency Exchange Rate Table Published<br>(Stanislaw Majewski; TRYBUNA LUDU, 8 Feb 82).....                          | 33 |
| Preparatory Phase of Foreign Trade Reform Discussed<br>(Wieslaw Otta; ZYCIE GOSPODARCZE, 13 Dec 81).....                     | 35 |
| New Food, Fuel, Energy Prices Published<br>(TRYBUNA LUDU, 28 Jan 82).....  | 42 |
| Grassroots Poll on Price Increases Published<br>(TRYBUNA LUDU, 13-15, 18 Jan 82).....  | 48 |
| Grassroots Poll on Price Increases Further Discussed<br>(TRYBUNA LUDU, 22-25 Jan 82).....                                    | 59 |
| Price Commission Member Discusses Increases for Consumer Goods<br>(Wojciech Pruss Interview; ZYCIE WARSZAWY, 29 Jan 82)..... | 68 |
| Comparison of Market, Black Market Prices Published<br>(ZYCIE GOSPODARCZE, 31 Jan 82).....                                   | 71 |

|   |     |
|---|-----|
| Effect of Martial Law on Economy Analyzed<br>(Henryk Chadzynski; ZYCIE WARSZAWY, 18 Jan 82).....                        | 75  |
| Officials Respond to Questions on Prices, Compensation<br>(Jerzy Chabros Interview; ZYCIE WARSZAWY, 21 Jan 82).....     | 79  |
| <b>ROMANIA</b>  |     |
| Progress of Geological Research Project Assessed<br>(Gogu Dragne; REVISTA ECONOMICA, 15 Jan 82).....                    | 86  |
| Measures Designed To Achieve Agricultural Self-Supply<br>(V. V. Topor; REVISTA ECONOMICA, 15 Jan 82).....               | 91  |
| Implementation of New Agricultural Measures Discussed<br>(PLACARA, 15 Jan 82).....                                      | 97  |
| Delivery Bonuses  |     |
| Mechanization Station Reorganization, by V. V. Topor  |     |
| Direct Delivery of Goods, Foodstuffs To Be Extended<br>(Gheorghe Alfiri; REVISTA ECONOMIC, 15 Jan 82).....              | 102 |
| Ministries Stress Necessity of Food Price Increases<br>(SCINTEIA, 20 Jan, 2 Feb 82).....                                | 108 |
| Domestic Production Stimulus, by Gheorghe Pierbinteanu  |     |
| International Comparisons, by Petre Gigea   |     |
| Criticism of Industrialization at Expense of Agriculture<br>(N. N. Constantinescu; VIITORUL SOCIALIST, Sep/Oct 81)..... | 114 |

## IMPROVEMENT IN HOUSING MANAGEMENT PROBLEMS DISCUSSED

Budapest PARTELET in Hungarian No 1, 1982, pp 39-41

[Article by Laszlo Gal: "More Rational Management--More Democratic Distribution"]

[Text] One of the most important elements of living standard and social policy is the improvement of housing supply. We regard housing as one of the basic necessities of life for members of society. In accordance with our general development, our socialist state strives to insure that every member of society can live and work in progressively improved housing conditions. This aim is reflected in the 22 October 1981 joint meeting of the Central Committee and the Council of Ministers, at which the experiences to date of the second 15-year housing construction program were discussed and a directive on the goals of further development was accepted.

### Our Results, Our Problems

At the time of liberation, housing conditions in our country were extremely unfavorable. Approximately 90 percent of the housing facilities were one-room, without conveniences. In the past 36 years, but especially in the last 20, significant changes have taken place; we have built nearly 2 million new housing units, and with this almost two-thirds of all families obtained appropriate housing. The housing is also significantly better equipped. During the Fifth Five-Year Plan, in accordance with the second 15-year housing construction plan, 453,000 new units were built, more than ever before. This is an important result even by international comparison. The Sixth Five-Year Plan predicts the construction of 370,000-390,000 more homes.

In the interest of mass housing construction, almost a technical revolution has taken place in the construction industry. The development of the nation's prefabricated factory network was completed by the mid-1970's. Not only do the 10 prefabricated factories and the corresponding support industries make faster construction of housing possible, they also permit the institutions [infrastructure] providing the population's basic needs to be completed simultaneously with the housing, for the most part.

The results we have obtained well reflect the massive social effort which has resulted in basic qualitative and quantitative development. However, despite the results, we still cannot be satisfied, because we are still battling with many worries and problems.

In spite of the systematic overfulfillment of construction plans, a quantitative lack of housing is invariably symptomatic; "many rightful claims still could not be met" says the directive of the Central Committee. The housing shortage is primarily characteristic of Budapest and the larger cities. Experience shows that young couples founding families are in the worst situation.

There are numerous contradictions in our housing management and distribution system. The differences among the burdens accompanying the different housing supply forms have increased to a great extent. We cannot move ahead to any notable extent in the rational utilization of the existing housing supply. There continue to be lags in the preservation, renewal and modernization of housing stock. Financial restraints resulting from our economic situation make it impossible to construct more units than planned, but our worries can be alleviated by more sensible management of new and existing housing units and the stepping up of renovations.

The trade unions have more than once proposed on different forums--keeping in mind the principle of progressivity--changes in the housing management and distribution system. The 24th Trade Union Congress also addressed the question of the housing situation. The congress brought attention to the fact that the burdens of obtaining and maintaining housing often exceed the financial abilities of young couples, large families and low-income groups. As a result, the family's financial situation increasingly determines who obtains what kind of housing and when.

Considering that at present and for a long time to come one of the most significant social tensions is and will be by the housing situation, we support efforts to solve the contradictions and faster progress. In this respect, we must strive to make the opportunities for families of different social situations to obtain housing about equal in the future, and the burdens of obtaining and maintaining a home more proportional among the state, the population and the different strata of the population.

#### Requirements and Possibilities

According to the opinion of the trade unions with the improvement of our economic productivity and the comprehensive modernization of the housing management system, the second 15-year housing construction plan is effectively realizable. However, an important question is how to distribute the homes now being built. In our judgment, the housing distribution must become increasingly aware of a family's financial circumstances and social situation.

We decide that besides such dynamic housing constructions, quantitative and qualitative housing claims can better be fulfilled with the more sensible utilization of existing housing facilities. With the introduction of the graduated housing distribution system, the chances of obtaining housing for young couples and those beginning their career can be improved. The housing situation can be significantly improved with a graduated [housing distribution system] if guarantees for housing within a certain period of time are given to families if they have more children based on their social situation.

Until now for the most part, our housing management has been confined to the distribution of new units. In the future, we must consistently assert aspects social and standard-of-living policies in housing management. In the interest of improving the fairness of distribution, the council's management must be placed on a new basis. A fundamental goal is to increase the socially necessary mobility of the existing housing stock; this must also be promoted by financial incentives.

The future housing distribution policy of the councils must be to aid faster placement for large families, young couples and the strata which need it. This development makes necessary the strengthening of democratic distribution, and increasing the involvement of social organizations in assigning housing. All this fulfills our standard-of-living social policy goals.

In the interest of improvement of housing distribution and the more differentiated fulfillment of housing claims, we must encourage housing exchange. For the effectiveness of housing management and the sensible utilization of the existing housing stock, the state-supervised exchange of housing under different types of ownership must be effected. The role of the councils must be expanded and increased in the organized housing exchange.

The trade unions support further development of our housing distribution system which insures the fulfillment of housing claims for workers, families with several children and young couples, and conditions which improve their chances for obtaining housing. We find it of special importance that opinions regarding the further development of our housing system--which touch wide strata--should be evolved in social debate. Social debate makes possible the finding of solutions and the reaching of decisions which best serve the objectives of the 12th Party Congress regarding maintenance of the standard of living and the improvement of living conditions.

Private forms will continue to play a large role in the realization of our housing construction plans. All initiatives aiding this must be supported in all possible ways. Credit conditions for private housing construction must be adjusted to the financial capabilities of the affected strata, while social-welfare policy allowances serving the support of families with children must be simultaneously developed. It is necessary that employers should strive to increase their support for housing placement of their workers taking into account their possibilities.

Controlling housing construction cost increases would be necessary for the faster realization of our goals. Cost reductions ~~would~~ be possible in the near future by improving the organization of the ~~housing~~ construction industry and by improving planning, investment, execution and preparation.

In the past decade, precisely because of price increases, home maintenance expenses and rents have bifurcated significantly. Thus, from an economic standpoint, rent increases are justified. However, their realization can only come about in accordance with our standard-of-living and social policy goals. We must find a solution which makes the following possible: that the rent burden on

retirees, families with several children and single parents not change significantly, to the degree of their rightful housing claim; that differentiated support for families with two children should be insured; and that burdens in the other strata should be temporarily lessened.

The Hungarian trade union movement has played an active part in the improved results obtained in housing distribution. In the future, we wish to take part constructively in solving existing problems and contradictions--keeping in mind justified social claims--because we consider this work an important part of our activity to protect interests.

9890  
CSO: 2500/112

HUNGARY

BRIEFS

CROP REPORT--Despite the fact that crops frequently had only minimal snow cover during several periods of severe cold this winter, the chances are that they suffered little, if any, damage. Although it is still too early to assess winter damage reliably, wheat, barley and triticale emerged quickly and developed rapidly so that winter grains were hardy by the onset of winter. Another factor contributing to good survival rates for wheat to date is the fact that it was sown during the optimum period last fall. It is reported that our farms have applied nitrogen fertilizer to 60-65 percent of the more than 800,000 hectares of winter wheat to date. Only a very small percentage of the 1,364,000 hectares of winter wheat is troubled with ground water. Such spots are located chiefly on farms east of the Tisza River, and many farms are already preparing to drain these areas before the arrival of warmer weather. [Budapest NEPSZABADSAG in Hungarian 14 Feb 82 p 1]

CSO: 2500/139

1981 SOCIOECONOMIC DATA REPORTED

Warsaw TRYBUNA LUDU in Polish 29 Jan 82 p 5

[Article by T. Jeziorski: "Main Statistical Office's Report on the Country's Socioeconomic Situation in 1981 (Summary)"]

[Text] The Main Statistical Office has published the data on the socioeconomic situation in the country in 1981. We are presenting, from the Polish Press Agency, the more important data from this report. All of the comparisons given in the text, unless otherwise indicated, refer to 1980 results, which, we should bear in mind, were also bad; this should be taken into account in analyzing last year's results. Some of the data are cited in round figures.

The report states at the outset that the socioeconomic situation in 1981 continued to deteriorate greatly. The level of materials production declined, as a result of which the generated national income dropped by 13 percent. At the same time, living conditions became much worse.

The deepening economic crisis could be attributed to the disproportions in the development of the national economy accumulated during past years. These were caused by the economically unwarranted shortened workweek, mainly in the mining industry, the increase in wages and other incomes which seriously conflicts with the declining level of production, and the social tensions and strikes which paralyzed the social and economic life and disorganized the management system.

Fuel, raw materials and coproduction difficulties, caused to a large degree by the reduction in hard-coal mining and the decline in imports of producer goods, principally from the dollar zone, were responsible for withholding much of the manufacturing capacity from production and for halting investment processes on an unheard-of scale.

At the same time as the generated national income declined, there was a general drop in labor productivity.

The general decline in materials production and the large increase in wages, social services and other incomes increased inflation and also caused a large increase in living costs. As a result, the domestic market became still further disorganized and speculation grew.

Because weather conditions were good, grain and root-crop harvests increased, in comparison with 1980, which was an exceptionally bad year. This resulted in a general increase in agricultural production. However, due to the previous year's fodder shortage and the reduction in imports of grain and fodder, there was a further large drop in gross and marketable animal production.

#### National Income

In 1981 the national income in constant prices was 13 percent lower. This was the third year in which national income dropped (in 1979 the decline was about 2 percent, in 1980, about 4 percent). As a result, the actual size of the generated national income last year approached that of the 1974 level.

The decline in net output and labor productivity occurred in all basic nonagricultural sectors of the national economy. Net production in industry dropped 19 percent, while the level of net agricultural production rose 3 percent.

While the distributed national income significantly decreased, the consumption of material goods from personal incomes by the population remained at a level not much below that of 1980.

The size of the deliveries of goods to socialized trade, intended to supply the market, dropped by about 11 percent, but the size of retail sales of consumer goods for the population dropped by over 3 percent (calculated in constant prices). This was the result of a very large reduction of reserves in trade and the restriction of sales to units of the socialized economy (so-called "nonmarket" sales).

Free-market sales and natural consumption of farm products increased. It is estimated also that stocks of consumer goods also increased greatly in households, and this increase, in accordance with the methodology of calculating national income, is treated as an increase in consumption in a given year.

Net investment outlays for durable goods (investment outlays minus amortization) declined about 45 percent in 1981 and their share in the distributed national income decreased from 17.5 percent in 1980 to about 11 percent in 1981.

#### Industry

In 1981 production in socialized industry continued to decline. Although in 1980, as compared with 1979, sold production fell 1 percent, in 1981 the drop amounted to 429 billion zlotys, i.e., 12.6 percent. The total drop in production in 2 years was 13.5 percent.

The decline in sold production occurred in all branches of industry, and particularly in ferrous and nonferrous metallurgy, the coal industry, transport means, construction materials, and printing.

Power plant generating capacity in 1981 increased by only 255 MW, and production of electrical energy dropped 5.7 percent, including a drop of 4.5 percent in public-utility electric power plants.

The demand for electric power in 1981 remained at the 1980 level. Electrical energy consumption by industrial purchasers was 9 percent lower, and by municipal-residential purchasers, 7.3 percent higher. Restrictions were placed upon users, with the largest occurring during the winter months.

Because hard coal mining dropped by 30.1 million tons, its deliveries to industry were 10.2 percent lower, and deliveries to the population were 6.7 percent lower.

Average employment in socialized industry in 1981 totaled 4,744.3 thousand persons, i.e., a drop of 16,200.

While the value of production in socialized industry declined significantly, the personnel wage fund in 1981 amounted to 446.7 billion zlotys, growing by 86.5 billion zlotys, i.e., by 24 percent. The average monthly wage was 7,074 zlotys, increasing by 1,523 zlotys, i.e., 24.6 percent, while at the same time production per 1 employee dropped 12.2 percent.

In 1981 nominal work time decreased, mainly due to the introduction of additional free Saturdays and shorter working hours for some groups of workers by reason of working conditions that are harmful to health.

Time worked, on a yearly scale, per 1 worker in the industrial and developmental group, dropped from 1,850 hours to 1,711 hours.

Idle time, on a yearly scale, on an average per 1 worker in the industrial and developmental group, rose from 229 to 250 hours.

#### Agriculture and Forestry

In 1981, due to good weather during the growing period and the crop harvesting, crop production figures were good. Sugar beets, potato and fodder crops were especially good.

But the development of animal production lagged, mainly due to low fodder stocks from 1980 crops.

It is estimated that the value of total agricultural production (in constant prices) rose 4.1 percent, of which the value of crop production rose 20.3 percent and animal production dropped 12.5 percent.

Marketable farm production, calculated in constant prices, decreased 9.5 percent, of which marketable crop production grew by 10 percent and animal production fell by 17.5 percent.

According to June 1981 estimates both in socialized and nonsocialized agriculture, there was a sharp drop in livestock population.

During the last six months of 1981, in the nonsocialized economy, based on larger stocks of fodder from the farmers' own crops and the market difficulties occurring at the same time, there was a tendency to withhold marketable herds and rebuild the farm animal inventory.

Preliminary figures from January, this year, on the farm animal census, showed that the cattle population in agriculture as a whole was 11.5 million head, including 5.7 million cows, and that the hog population was 19 million. In comparison with results of the January 1981 census, the cattle population increased 1.4 percent, including 1 percent more cows, and that the hog population grew 1.7 percent.

The increase in the farm animal population in January of this year is due to the large increase of both cattle herds and hogs in the nonsocialized farming while the animal population in the socialized farming continued to drop greatly.

It is estimated that in 1981 the production of livestock for slaughter, calculated per meat-fat bulk, amounted to 2.4 million tons, i.e., it dropped 19.2 percent.

Milk production totaled 14.8 billion liters and was 7.2 percent lower, while egg production amounted to 8.9 billion eggs, declining slightly.

In 1981, difficulties in supplying agriculture with means of production intensified. There were critical shortages of many types of spare parts for tractors and farm machinery during the entire year. However, deliveries of tractors for agriculture increased slightly, by 0.1 percent, and totaled 56,800.

In 1981, agriculture purchased 6.7 million tons of fodder from State reserves, i.e., about 846,000 tons less than the previous year, which was due in large measure to the drop in the imports of grain.

For the 1981 crops, agriculture consumed about 3.5 million tons of artificial fertilizers (in pure ingredients), i.e., 3.7 percent less. Calculated per 1 hectare of cropland, consumption of these fertilizers in the 1980-1981 farm year amounted to 186 kilograms, i.e., 6.7 kilograms less.

In forestry, about 20 million cubic meters of large timber was obtained in 1981, a decrease of 3.4 percent.

#### Transport and Communication

The socialized transport enterprises in 1981 hauled 1,217 million tons of freight, a drop of 427.4 million tons (26 percent).

Passenger haulage by socialized public transport totaled 3,451.8 million passengers, 39.4 million, or 1.1 percent less.

The Polish State Railways hauled 401.6 million tons of freight and 1,116 million passengers in 1981. Freight haulage declined by 16.7 percent, and passenger transport grew by 1.4 percent.

Cargo haulage by public motor-vehicle and branch transport totaled 730.4 million tons, dropping 31.1 percent. Conveyance of passengers by public motor-vehicle transport totaled 2,325 million passengers, 3.3 percent less.

The maritime transport service hauled 32 million tons of cargo, i.e., 19 percent less. The combined tonnage of the maritime transport fleet sailing under the Polish flag amounted to 4,574 thousand deadweight tons on December 31, an increase of 1.1 percent.

In the commercial seaports, 37.5 million tons of cargo were transloaded, recording a drop of 39 percent.

The number of telephone subscribers at the end of the year totaled 2,020.7 thousand, 77,800 more, or 4 percent.

#### Investment and Construction

In 1981 in the socialized economy investment outlays amounting to 398 billion zlotys were implemented. This means a 25 percent reduction in the level of investment, and compared to 1978, which was a year of the highest investment outlays, there was a drop of over 40 percent. The level of investment outlays approximated that reached in 1972.

At the end of 1981 frozen outlays in uncompleted investments amounted to 880 billion zlotys, as against 798 billion zlotys in 1980. To complete all unfinished investment construction tasks, it will be necessary to commit, in the immediate future, about 1.2 trillion zlotys, including 900 billion zlotys for investments that are being actively implemented. Because of the need to adapt the level of investment to the country's economic situation, at the end of 1980 and in 1981 also (principally in the first quarter), about 1,500 investment tasks were either temporarily or permanently suspended.

Of the investment construction tasks intended to be put into operation in 1981 in the socialized economy, 47 percent (calculated according to cost-estimate value) were completed, including a 200-MW power unit in the Polaniec electric power plant, a gas pipeline on the Grudziadz-Police section (66.5 kilometers), construction of a 1,030 meter mining level (first stage, 610 thousand tons per year) in the "Halemba" Hard Coal Mine, 22 hospitals and hospital annexes for a total of 4,600 beds, 96 preschools with 11,200 spaces, 40 nurseries with 2,900 spaces, and 15 health centers.

In housing construction in the national economy in 1981, 183,000 dwellings were completed with a total usable floor space of 11.6 million square meters. This was 33,500 dwellings (15.5 percent) and 2.2 million square meters of usable space (16.2 percent) less.

At the end of last year, 570,000 members (including 230,000 young married couples) and 1,770 candidates, were waiting for cooperative housing. Of these, 80 percent were adults. The total number of persons waiting for cooperative housing increased 6.6 percent.

#### Foreign Trade

Foreign trade operated under very difficult conditions. The decline in production and the needs of the domestic market caused a reduction in exports, and the reduced foreign-exchange revenues that resulted from this caused a reduction in imports from capitalist countries. Under these circumstances, there was a large drop in foreign trade turnovers.

The value of exports amounted to 44.3 billion foreign-exchange zlotys, a decline of 14.6 percent, and the value of imports was 51.2 billion foreign-exchange zlotys, falling 12.2 percent. The negative balance of trade turnovers reached 6.9 billion foreign-exchange zlotys (in 1980 it was 6.4 billion foreign-exchange zlotys).

The value of exports to socialist countries totaled 26.1 billion foreign-exchange zlotys, which means a drop of 10.2 percent, but the values of imports reached 33.2 billion foreign-exchange zlotys, i.e., it increased 2.3 percent. The growth in imports from socialist countries was achieved mainly as a result of high deliveries from the USSR.

The negative balance of trade turnovers with socialist countries totaled 7.1 billion foreign-exchange zlotys (including 7 billion foreign-exchange zlotys from the USSR), increasing by 3.7 billion foreign-exchange zlotys, i.e., more than two-fold.

There was a large drop in turnovers with capitalist countries. The value of exports amounted to 18.2 billion foreign-exchange zlotys, i.e., it dropped 20.3 percent, and the value of imports totaled 18 billion foreign-exchange zlotys and was lower by 30.4 percent.

As a result of the large reductions in imports, the negative balance of trade turnovers with economically developed capitalist countries decreased from 2.6 billion foreign-exchange zlotys to 1.8 billion. But in turnovers with economically developing countries, the balance changed from negative in 1980, amounting to 0.4 billion foreign-exchange zlotys, to positive in 1981, totaling 2 billion foreign-exchange zlotys.

The negative balance of trade turnovers and the growth of foreign credit costs further increased the country's indebtedness. According to preliminary data, indebtedness in long-, medium- and short-term credits grew (as of December 31):

- in the currency of socialist countries from 6.4 billion foreign-exchange zlotys to 14.8 billion, i.e., to 3.3 billion rubles,
- in the currency of capitalist countries from 76.6 billion foreign-exchange zlotys to 89.1 billion foreign-exchange zlotys, i.e., to 25.5 billion US dollars.

In all groups there was a quantitative drop of exports and imports, with the exception of imports of products of the food industry, whose value grew 32.1 percent.

A particularly large drop occurred in the export of coal. Deliveries, which in 1981 totaled 15.2 million tons, were 15.8 million tons less than in 1980, and 26.2 million tons less than in 1979.

The drop in imports of fuels and energy was caused by lower deliveries of crude oil, which totaled 13.5 million tons in 1981 and were 2.8 million tons less, while imports from the USSR remained at the same level, and imports from capitalist countries dropped 87 percent.

Imports of grain and grain products totaled 7.2 million tons (796,000 tons less). In the food industry products group imports increased in 1981 by 32 percent. There was a very large growth in deliveries of such goods as meat (a four-fold increase), lard (a six-fold increase), butter (four-fold increase), potato flour (two-fold increase), sugar (50 percent increase), rice (17 percent), and cocoa (9 percent).

#### Population and Employment

In 1981 Poland's population was 36.1 million. The actual population growth, which was slightly higher than in 1980, was 325,000. At the end of 1981, over 21.3 million people lived in the cities. This was an increase of 350,000.

The number of births continues at a high level and amounted to 678,000 in 1981, i.e., 18.9 births per 1,000 inhabitants. At the same time the number of deaths decreased, in comparison with last year, by 20,000, and totaled 330,000, and the coefficient of deaths per 1,000 population decreased from 9.9 per mille to 9.2 per mille. As a result, the birth rate increased from 9.6 per mille to 9.7 per mille.

The average employment in the socialized economy in 1981 totaled 12,037 thousand, which was 0.3 percent higher than in 1980.

#### Money-Market Situation

The disproportions between the population's total incomes and the supply of goods in trade deepened. This led to disorganization in both the food commodities and the nonfood commodities market.

In 1981 total monetary incomes of the population amounted to 2,090 billion zlotys, growing by 445 billion zlotys, i.e., 27 percent. On December 31, 1981, the population's money reserves totaled 1,050 billion zlotys, of which cash reserves amounted to 371.4 billion zlotys and savings deposits totaled 678.5 billion zlotys.

The total value of goods both domestically produced and imported, delivered to the market in 1981, amounted (calculating in current retail prices) to 1,459.5 billion zlotys, growing by 57.8 billion zlotys, i.e., by 4 percent. In constant prices, deliveries of goods to supply the market were 11 percent lower.

In 1981 deliveries of many goods which were important for supplying the market in producer goods, were at a lower level, and even much lower than in 1980. There were especially critical shortages of meat and meat products, and animal fats in 1981. Supplies of meat, poultry, variety meats and meat products dropped by 362.2 thousand tons, i.e., 17.8 percent.

The value of retail sales of consumer and nonconsumer goods by units of the socialized economy in 1981 amounted to 1,463 billion zlotys, which indicates a growth, as compared with the previous year, of 11.4 percent (calculating in current prices), but calculating in constant prices, it was about 6 percent lower.

The sale of services to the population by units of the socialized economy in 1981 amounted to 217 billion zlotys, a 13.3 percent increase, calculated in current prices. After eliminating the effects of the price changes, this increase was considerably lower and amounted to 2.2 percent.

## Incomes, Wages, and Living Costs

The population's living conditions in 1981 were greatly affected by a very large increase in people's nominal incomes, an increase in the cost of living, and an intensifying disorganization of the domestic market--all of which occurred simultaneously.

Nominal personal incomes rose in 1981, in comparison with the previous year, 31 percent.

Calculated per 1 inhabitant, nominal personal incomes rose 30 percent. This was due mainly to the regulation and increase of wages, higher payments to farmers for procurement of farm products, increases in pensions and annuities and family allowances, and an increase in the prices received by private producers of goods and services.

The wage fund in the socialized economy totaled 1,155 billion zlotys in 1981, growing by 237 billion zlotys, i.e., 25.9 percent. The average monthly nominal net wage per 1 worker in the socialized economy was 7,250 zlotys, an increase of 25 percent.

In 1981 the average monthly pension and annuity was 3,405 zlotys and constituted 47 percent of the average monthly wage.

The nominal monetary incomes of private farmers from agricultural production, intended for consumption and non-production investment, were about 64 percent higher. This large increase was attributed primarily to increased prices of procurement by the State of agricultural products and a growth in free-market prices, which together rose about 65 percent.

The increase in prices of consumer goods and services obtained by the population caused the living costs of families of workers employed in the socialized economy to increase 25 percent. Of this, 21 percent was attributed to purchases in socialized trade and 58 percent to purchases in nonsocialized trade. The cost of living was also affected by the prices of goods which the population was compelled to purchase on the black market. Frequently these prices were from 2 to 6 times higher than retail prices. It is estimated that the effect of these prices on the cost of living index amounted to 1.3 points.

The prices of food purchased by the people in 1981 were higher, in comparison with the previous year, by 23 percent (58 percent higher for purchases in the bazaars). The price of alcoholic beverages rose 57 percent, nonfood items 18 percent, and services 15 percent.

## Social and Cultural Services

In 1981, despite the increased outlays, no improvement in the field of social and cultural services was made.

Due to the country's demographics, there was a further growth in the number of children of compulsory-school age, including also the children enrolling in elementary school. At the same time, the number of graduates of elementary schools dropped,

followed, of course, by the number of youth in high schools. The number of students in higher schools also declined.

In 1981 1,213,5 thousand children were enrolled in preschools, which indicates a drop of 0.8 percent. Of those applying for admission to preschools, about 98,000 children were not accepted. The congestion in the preschools dropped from 124 children to 115 children per 100 places. Preschool care was given to 48 percent of the children aged from 3 up to 6, and about 98 percent of the 6-year-olds.

During the current school year at all school levels 6.9 million persons, i.e., 19 percent of the country's population, are studying. The elementary schools have an enrollment of 4,341.6 thousand persons (about 1.9 percent more); the general-education secondary schools, 393,000 (5.3 percent less); the vocational schools, 1,730 thousand (6.5 percent less); and the higher schools, 423,700 (6.6 percent less).

The number of students newly accepted for the first year in college totaled 76,600 which was 14.8 percent less than the previous year.

In 1981, 497,400 persons finished elementary school, 105,300 finished general-education secondary schools, 537,900 completed vocational schools (including 212,100 who completed secondary vocational schools). There were 73,700 graduates of higher schools.

Monetary stipends were received by 117,900 day students, i.e., about 41 percent of all students, but the number of day students receiving stipends dropped 11 percent.

In 1981, 1,669.3 thousand children and youth, i.e., 39.5 percent fewer, participated in organized vacations away from their place of permanent residence.

The number of employed medical doctors at the end of December 1981 totaled 65,000, increasing by 1,400. The number of employed surgeon-dentists totaled 17,000. There were 18 doctors and 4.7 surgeon-dentists per 10,000 population.

At the end of December 1981 there were 203,400 hospital beds—an increase of 2,600. The number of hospital beds per 10,000 population, 56.4, remained essentially the same.

The shortage of medicines and sanitary goods became more acute. There were also serious shortages of basic articles and medical equipment in the health services—essential life-saving equipment.

The significant drop in infant mortality is worth noting. In 1981 the infant death index per 1,000 live births was 20.7 compared to 21.3 in 1980.

There was a decline in publications production in 1981. The number of published book and pamphlet titles totaled 5,125, a decrease of 1,818 or 26.2 percent. This decline occurred in all publishing sections. The production of textbooks continued to drop—from 626 titles published in 1980 to 480 titles published in 1981.

The number of issues of books and pamphlets also dropped. In 1981, 135.2 million copies were published (a drop of 13.3 percent). Calculated per 1 inhabitant, 3.8 copies of books and pamphlets were published, as against 4.4 in 1980.

In 1981, 51 newspaper and 929 periodical titles were published—a decrease of 71 titles of periodicals. The total number of copies of newspapers published in 1981 was 2,495.3 million, 8.5 percent fewer.

The number of viewers in theaters and musical institutions totaled 17.6 million persons in 1981, a decrease of over 200,000. But the number of movie-goers rose by 2.5 million, reaching 100 million.

In 1981 the number of radio subscribers (8.6 million) remained at the same level. However, the number of television subscribers increased by 196,000, now totaling 8,150 thousand.

In 1981, 4.2 million people (a drop of 114,000) took advantage of workers' vacations. Since 1977 there has been a drop in the total number of people going abroad. In 1981 3.9 million Polish citizens went abroad, i.e. 43.5 percent fewer, but 917,900 persons, i.e., 32.1 percent more, went to the capitalist countries.

Poland was the destination of 2.2 million citizens of other countries, i.e., 69.3 per cent fewer, including 1.6 million from socialist countries, which was 74.3 percent less than in 1980.

\* \* \*

Texts such as the Main Office of Statistics report can be read in various ways, and different conclusions drawn from such reading materials.

Reading every listing, every figure, separately, one cannot help but be convinced that we are experiencing a severe economic recession. There has been no such steep drop in the national income, such a critical breakdown in almost all fields of the economy, in any year of the first quarter century of the People's Republic, nor in any year of the past decade. The decade in which this recession—let us not forget—began and unfortunately entrenched itself so solidly.

However, if one reads the report comprehensively, and analyzes not just each indicator alone but groups of indicators and their logical chains, it is hard to resist the impression that the processes occurring in the economy were governed more by the forces of unchecked inertia than by deliberate activity; that the economic phenomena were shaped more by an inexorable political struggle carried over into the economy than by rules, mechanisms and economic reason.

Such material, therefore, leads one to the conclusion that after several years of turbulence, our economy last year depicted colossal chaos. And only these two features, recession and chaos, make up the full face of the crisis. The first gives it substance, the second gives it quality. Following are several examples from fields in which this crisis has had particularly long and strong roots:

--On one hand, crops are better and a portion of the crop production is increasing in intensity; on the other hand, the drop in livestock population is greater in socialized farming and the drop in procurement is greater in peasant farming,

--Despite a significant narrowing of the investment front, both commercial and housing construction has come to a halt, and this has occurred on a scale similar to that of the period when the front was most extended,

--Despite the fact that 1,500 investment tasks have been halted, once again walls and not machines have absorbed most of the funds, and the value of frozen funds has increased.

More such anomalies can be found in the report. The conclusion that can be drawn, therefore, reads as follows: the struggle with recession does not guarantee success in the struggle with the crisis, if the economy continues to be controlled by chance or by a fragmentary need, and intelligent work does not begin to be universally valued and appreciated.

To extricate itself from the crisis permanently, the economy above all needs calm and order, established by conscious, consistent action, calculated for the long term. The first steps in this direction have already been taken. Calm has prevailed in the economy and the new economic mechanisms have begun to be operative. Only if further such steps are taken can there be any hope that the Main Statistical Office's report next year will be more pleasant reading.

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POLAND

SYNTHEZIZED NATIONAL BALANCE OF PAYMENTS PUBLISHED

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[Article: "Synthesized Balances -- Balance of Payments of the Polish People's Republic"]

[Text] We begin this column of synthetic balances periodically presented by the central bank with the publication of data in the balance-of-payments sphere. In particular we intend to include, at least twice a year, numerical data concerning the following: the credit plan, the monetary income and expenditures balance for the population (with special expansion of information on the population's cash resources and indebtedness) and the balance of payments.

The next publication in the balance-of-payments sphere will contain the following data:

balance of payments -- presenting the transactions of various items of the balance of payments in the currencies of socialist countries and in the currencies of capitalist countries for the years 1970-1980,

the balance of clearings in the IMF [International Monetary Fund] scheme -- presenting a detailed description of the specifics of the two balance-sheet items, that is, item 2: "The Transport and Insurance of Commodities" and item 3: "Other Transport Services" for the years 1970-1980.

Balance of Payments of the Polish People's Republic -- Methodological  
Comments

1. General Remarks

In keeping with the methodology developed during the postwar period, the balance-of-payments system in Poland encompasses two interconnected balances, that is, the balance of payments and the balance of clearings, which are compiled by the Polish National Bank.

The balance of payments is compiled on the basis of "payment," that is, on the basis of banking system data it includes for foreign transactions in the form of effective receipts and payments in foreign exchange and credit operations registered in the accounting of domestic foreign-exchange banks (Commercial Bank in Warsaw SA, Polish National Bank, and Polish Security Bank SA).

Two concepts need more detailed explanation. By "effective foreign-exchange receipts and payments" we mean both the flow of foreign exchange through bank accounts and the purchase and sale of foreign currency and checks, made by the banks and all foreign currency banks throughout the entire country.

The inclusion of "credit operations registered in the accounting of banks" means that transaction (bank and commercial) credits taken during the stage at which they are used and not only until the moment the repayments are made, are included in the balance of payments. To introduce into the balance this category of transactions, which still do not create changes in the condition of the state's foreign-currency account, it is necessary to use the appropriate method of portraying them. To this end we used the basic principle of any balance, that is, double-entry recording of each transaction, taking the counterpart of exports made on credit (receipts) to be the use of credit granted (payments). For import transactions on credit, the first entry is on the payments side and the other is recorded in the form of the use of credit obtained from abroad on the receipts side. This sort of recording presents the economic nature of a transaction which has been made, despite the fact that it has not yet caused a transfer of foreign exchange, its financing was handled through granted credit, or it was accomplished through credit received.

As can be seen, according to the Polish methodology, the balance of payments is not limited merely to "cash" transactions causing changes in the country's foreign-exchange condition but uses all the data which the banks have available through their accounting and statistics. This means that its scope is broader than that of the balance of payments based on "payments" in other countries. Nonetheless, in the Polish system it is treated as the balance of net foreign transactions.

The balance of clearings, in contrast to the balance of payments, has the nature of a gross foreign transactions balance, because it is based on "transactions," but the source material consists of special reporting

by all units participating in foreign transactions. The balance of clearings presents the value of foreign transactions, not just those which must be paid for in foreign exchange but also those which are subject to mutual compensation or do not cause the transfer of foreign exchange, or even those which are made in kind. Mutual compensation of accounts receivable by virtue of export transactions with accounts payable by virtue of import transactions is used especially broadly in transport services and insurance, as the result of the existing systems used for international clearing of accounts.

The broad scope of transactions going to make up the balance of clearings puts it in the rank of the balance of payments drafted in other countries on the basis of "transactions" and meets the requirements which the International Monetary Fund sets for the balance of payments.

The scope of the transactions is not the only element differentiating the two balances, but it is nonetheless an important component, owing to the purpose it serves. The balance of payments is the basic document for assessing the country's balance of payment situation and the structuring of the short-term payment policy and the policy of payment over a period of many years. The balance of clearings, which in the broad sense presents the ties between the national economy and foreign countries, serves as a basis from which payments are implied, and for this reason it is the basic document in planning work. In addition, the data from this balance are used to calculate national income and the balances of the population's cash receipts and expenditures.

## 2. Detailed Explanations

### 2.1 The numerical data presented in the tables gives:

-- transactions of the balance of payments in the foreign-exchange cross-section, including: transactions cleared in the currencies of the socialist countries, that is, in transferable rubles and in bilateral clearing with socialist countries, and transactions calculated in the currencies of the capitalist countries\*, that is, in convertible currencies and in bilateral clearings with the capitalist countries. The data of the balance of payments for 1970-1980 are presented in Table 1, and those for the first half of the years 1979-1981 are presented in Table 2,

-- a comparison of the data of the balance of payments and the balance of clearings for the year 1980 (Table 3) including a short commentary explaining the differences in the major items of the two balances,

-- transactions of the balance of clearings according to the format of the International Monetary Fund for the years 1979-1980 within a comprehensive framework.

\*including PRC and Yugoslavia

2.2 The major items of the balance of payments includes the following:

Commodities -- this item portrays the effective foreign-exchange receipts and payments with the transfer of the right of ownership, for payment, of material goods between the country and foreign countries during a given year, regardless of the date the commodity passes the country's customs border. This item also includes commodities bought and sold on credit. In addition, commodity transactions also include:

- 1) technical documentation, installation services, and other technical services, if they are an integral part of the commodity contract,
- 2) capital repairs on ships and aircraft,
- 3) costs of upgrading the commodity in passive or active upgrading\* transactions,
- 4) switching transactions, despite the fact that the commodity does not enter the customs area of our country,\*\*
- 5) advance payments obtained from foreign partners for future deliveries of exports and advance payments made to foreign partners for future import deliveries, despite the fact that there has been no commodity traffic yet,
- 6) gold for industrial purposes.

Commodity transactions do not include transactions such as the following:

- deliveries of bunker fuel for ships and aircraft in domestic or foreign ports or airports,
- deliveries of food and manufactured items for ships and aircraft.

Income and payments on the basis of commodity exchange are made on the basis of border franco or fob the port of the supplier country.

Commodity payment must not be equated with the value of the exports or imports in the commercial balance compiled and published by the Main Statistical Office, because these are two separate statistical-reporting systems, the data of which must necessarily differ, inasmuch as the Main Statistical Office materials present foreign trade in direct form, but the balance of payments portrays its financial effects in the form of payment for the commodity.

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\*Passive upgrading transaction means exporting commodities to upgrade them, and active upgrading transaction means importing foreign commodities for the purpose of upgrading them.

\*\*The reexport of DAL foreign-trade enterprise accomplished outside the country.

Services -- in the balance of payments represent the foreign-exchange receipts and payments from such things as the following: transport, foreign travel, the maintenance of foreign agencies and dues of international organizations, insurance, commissions, and so on.

Money orders -- are items including payment for annuities and pensions, inheritances, alimony, allowances, drafts on earnings, cash gifts, payments for internal export, and payment for the accounts of domestic holders of foreign exchange.

Intermediate and long-term credit -- are shown in the balance as paid turnovers, that is, in the form of utilization and repayment. Operations such as this include state credit, credit financing incurred and granted by Polish banks, and credit transactions used to finance the export and import of commodities (bank and commercial credit). Long-term credit is credit with a repayment deadline of more than 5 years, and intermediate credit has a payment deadline of from 1 to 5 years.

Credit obtained abroad on the receipts side means its use in a given reporting period, while that shown on the payments side represents repayments made in a given reporting period. Therefore, a positive balance means increased debt, and a minus balance means a decline in the Polish debt. Credit granted on the receipts side means repayments made by foreign partners, and that on the payments side means the use of credit. A favorable balance means a decline in debt, and a balance with an unfavorable sign [minus] means an increase in debt on the Polish side.

Short-term credit -- is shown in the balance on the balance-of-payments presentation.

Financial operations -- include property transactions, exchange-rate differences, and cross-entries of previous years' transactions, arbitration operations, changes in the conditions of foreign-currency accounts of physical and legal parties.

Changes in the conditions of bank accounts -- present changes in the conditions of current, local Polish bank accounts in foreign banks. In this item a positive balance represents a decline in accounts receivable or an increase in accounts payable, and a negative balance represents an increase in accounts receivable or a decline in accounts payable.

2.3 The unit in which balances are compiled. Balance of payments and balance of clearings transactions are compiled in foreign-exchange zlotys. The following mean exchange rates should be used in calculating the transactions of balances for 1970-1980 from foreign-exchange zlotys into dollars:

Table No 1 -- Balance of Payments in Currencies of Socialist Countries  
(in millions of foreign-exchange zlotys)

| (a)<br>Year | (b) Foreign<br>Currency |        |        |        |        | Foreign<br>Currency<br>in<br>Polish<br>zlotys |        |        |        |        | Foreign<br>Currency<br>in<br>Polish<br>zlotys |        |        |        |        |
|-------------|-------------------------|--------|--------|--------|--------|---|--------|--------|--------|--------|---|--------|--------|--------|--------|
|             | (c)                     | (d)    | (e)    | (f)    | (g)    | (h)   | (i)    | (j)    | (k)    | (l)    | (m)   | (n)    | (o)    | (p)    | (q)    |
| 1970        | 9,329                   | 9,329  | 9,329  | -1,707 | -1,707 | -4,679  | -4,679 | -1,110 | -1,110 | -1,110 | -1,110  | -1,110 | -1,110 | -1,110 | -1,110 |
| 1971        | 9,469                   | 9,469  | 9,469  | -1,610 | -1,610 | -4,637  | -4,637 | -1,113 | -1,113 | -1,113 | -1,113  | -1,113 | -1,113 | -1,113 | -1,113 |
| 1972        | 11,479                  | 11,479 | 11,479 | -1,613 | -1,613 | -4,591  | -4,591 | -1,116 | -1,116 | -1,116 | -1,116  | -1,116 | -1,116 | -1,116 | -1,116 |
| 1973        | 12,423                  | 12,423 | 12,423 | -1,599 | -1,599 | -4,559  | -4,559 | -1,118 | -1,118 | -1,118 | -1,118  | -1,118 | -1,118 | -1,118 | -1,118 |
| 1974        | 13,726                  | 13,726 | 13,726 | -1,577 | -1,577 | -4,521  | -4,521 | -1,120 | -1,120 | -1,120 | -1,120  | -1,120 | -1,120 | -1,120 | -1,120 |
| 1975        | 13,798                  | 13,798 | 13,798 | -1,543 | -1,543 | -4,484  | -4,484 | -1,122 | -1,122 | -1,122 | -1,122  | -1,122 | -1,122 | -1,122 | -1,122 |
| 1976        | 22,447                  | 22,447 | 22,447 | -1,484 | -1,484 | -4,432  | -4,432 | -1,125 | -1,125 | -1,125 | -1,125  | -1,125 | -1,125 | -1,125 | -1,125 |
| 1977        | 23,614                  | 23,614 | 23,614 | -1,439 | -1,439 | -4,387  | -4,387 | -1,127 | -1,127 | -1,127 | -1,127  | -1,127 | -1,127 | -1,127 | -1,127 |
| 1978        | 25,923                  | 25,923 | 25,923 | -1,376 | -1,376 | -4,340  | -4,340 | -1,129 | -1,129 | -1,129 | -1,129  | -1,129 | -1,129 | -1,129 | -1,129 |
| 1979        | 25,529                  | 25,529 | 25,529 | -1,313 | -1,313 | -4,294  | -4,294 | -1,131 | -1,131 | -1,131 | -1,131  | -1,131 | -1,131 | -1,131 | -1,131 |
| 1980        | 27,667                  | 27,667 | 27,667 | -1,251 | -1,251 | -4,248  | -4,248 | -1,133 | -1,133 | -1,133 | -1,133  | -1,133 | -1,133 | -1,133 | -1,133 |

Balance of Payments in Currencies of Capitalist Countries

| (a)<br>Year | (b) Foreign<br>Currency |        |        |        |        | Foreign<br>Currency<br>in<br>Polish<br>zlotys |        |        |        |        | Foreign<br>Currency<br>in<br>Polish<br>zlotys |        |        |        |        |
|-------------|-------------------------|--------|--------|--------|--------|---|--------|--------|--------|--------|---|--------|--------|--------|--------|
|             | (c)                     | (d)    | (e)    | (f)    | (g)    | (h)   | (i)    | (j)    | (k)    | (l)    | (m)   | (n)    | (o)    | (p)    | (q)    |
| 1970        | 8,638                   | 8,638  | 8,638  | -1,638 | -1,638 | -4,638  | -4,638 | -1,638 | -1,638 | -1,638 | -1,638  | -1,638 | -1,638 | -1,638 | -1,638 |
| 1971        | 8,643                   | 8,643  | 8,643  | -1,639 | -1,639 | -4,639  | -4,639 | -1,639 | -1,639 | -1,639 | -1,639  | -1,639 | -1,639 | -1,639 | -1,639 |
| 1972        | 8,579                   | 8,579  | 8,579  | -1,606 | -1,606 | -4,579  | -4,579 | -1,606 | -1,606 | -1,606 | -1,606  | -1,606 | -1,606 | -1,606 | -1,606 |
| 1973        | 8,521                   | 8,521  | 8,521  | -1,533 | -1,533 | -4,521  | -4,521 | -1,533 | -1,533 | -1,533 | -1,533  | -1,533 | -1,533 | -1,533 | -1,533 |
| 1974        | 12,663                  | 12,663 | 12,663 | -1,516 | -1,516 | -4,484  | -4,484 | -1,516 | -1,516 | -1,516 | -1,516  | -1,516 | -1,516 | -1,516 | -1,516 |
| 1975        | 14,668                  | 14,668 | 14,668 | -1,482 | -1,482 | -4,432  | -4,432 | -1,513 | -1,513 | -1,513 | -1,513  | -1,513 | -1,513 | -1,513 | -1,513 |
| 1976        | 15,632                  | 15,632 | 15,632 | -1,449 | -1,449 | -4,387  | -4,387 | -1,515 | -1,515 | -1,515 | -1,515  | -1,515 | -1,515 | -1,515 | -1,515 |
| 1977        | 14,623                  | 14,623 | 14,623 | -1,416 | -1,416 | -4,340  | -4,340 | -1,517 | -1,517 | -1,517 | -1,517  | -1,517 | -1,517 | -1,517 | -1,517 |
| 1978        | 15,517                  | 15,517 | 15,517 | -1,363 | -1,363 | -4,294  | -4,294 | -1,519 | -1,519 | -1,519 | -1,519  | -1,519 | -1,519 | -1,519 | -1,519 |
| 1979        | 15,516                  | 15,516 | 15,516 | -1,313 | -1,313 | -4,248  | -4,248 | -1,521 | -1,521 | -1,521 | -1,521  | -1,521 | -1,521 | -1,521 | -1,521 |
| 1980        | 20,325                  | 20,325 | 20,325 | -1,259 | -1,259 | -4,207  | -4,207 | -1,523 | -1,523 | -1,523 | -1,523  | -1,523 | -1,523 | -1,523 | -1,523 |

[Key to Table 1]:

- |                            |  |
|----------------------------|--|
| (a) Year                   | (j) Balance of current turnovers (4-7)                                   |
| (b) Commodities            | (k) Intermediate & long-term credit                                      |
| (c) Income                 | (l) Received   |
| (d) Expenditures           | (m) Extended [granted]   |
| (e) Balance                | (n) Assets transactions  |
| (f) Services               | (o) Short-term credit  |
| (g) Cost of foreign credit | (p) Financial operations   |
| (h) Drafts                 | (q) Changes in condition of bank accounts                                |
|                            | (r) Balance of equalizing transactions<br>(from 9 to 15 [ie, (l) - (q)]) |

[Key to Table 2]

- |                                    |   |
|------------------------------------|---|
| (a) Description                    | (n) Intermediate and long-term credit                         |
| (b) 6 months of 1979               | (o) Received  |
| (c) 6 months of 1980               | (p) Extended [granted]  |
| (d) 6 months of 1981               | (q) Assets transactions                                       |
| (e) Income                         | (r) Short-term credit obtained                                |
| (f) Expenditures                   | (s) Financial operations                                      |
| (g) Balance                        | (t) Changes in the condition of bank<br>accounts              |
| (h) Commodities                    | (u) Equalizing transactions (from 6 to<br>10 [ie, (n) - (t)]) |
| (j) Services                       | (v) Short-term credit   |
| (k) Costs of foreign credit        |   |
| (l) Drafts                         |   |
| (m) Current turnovers (from 1 to 4 |   |

[Key to Table 6]

- |  |  |
|--|--|
| (a) Description                                | (o) Draft turnovers                          |
| (b) Revenue                                    | (p) Private                                  |
| (c) Disbursements                              | (q) Government                               |
| (d) Commodities and Services                   | (r) Capital operations                       |
| (e) Commodities                                | (s) Long-term accounts receivable            |
| (f) Exports and imports fob                    | (t) Long-term accounts payable               |
| (g) Other commodity turnovers                  | (u) Short-term accounts receivable           |
| (h) Transport and insurance for<br>commodities | (v) Short-term accounts payable              |
| (j) Other transport services                   | (w) Financial operations                     |
| (k) Foreign travel                             | (x) Differences in rates of exchange         |
| (l) Credit costs and assets income             | (y) Changes in condition of bank<br>accounts |
| (m) Other services                             | (z) Total balance (A + B + C) [ie, (d)       |
| (n) Total services (2-6 [ie, (h)-(m)])         | + (o) + (r)]                                 |

Table 2 -- Balance of Payments in Currencies of Socialist Countries for the First Half of Years 1979, 1980, and 1981 (in millions of foreign exchange zlotys)

| (a) Treaty                           | (b) • January 1979 a | (c) • January 1980 a | (d) • January 1981 a |
|--------------------------------------|----------------------|----------------------|----------------------|
|                                      | "1979"               | "1980"               | "1981"               |
|                                      | 1                    | 2                    | 3                    |
| 1. Treaty (h)                        | 12,738               | 12,408               | 12,327               |
| 2. Ticker (j)                        | 990                  | 670                  | 669                  |
| 3. Current balance payments (k)      | -4                   | +112                 | +110                 |
| 4. Reserves (l)                      | 26                   | -16                  | -17                  |
| 5. Other bilan (m) (n)               | 12,733               | 12,353               | 12,329               |
| 6. End-of-period difference (n)      |                      |                      |                      |
| 6.1. GDR (o)                         |                      |                      |                      |
| 6.2. Ukraine (p)                     | 12                   | 12                   | 17                   |
| 7. Current balance (q)               | -4                   | -1                   | 0                    |
| 8. End-of-period difference (n)      |                      |                      |                      |
| 9. Openings balances (s)             | 194                  | +164                 | +67                  |
| 10. Current balance (t)              | 26                   | -264                 | -264                 |
| 11. Closing positions (not do 19(s)) | 120                  | 664                  | 1,009                |

Table 2 (continued) -- Balance of Payments in Currencies of Capitalist Countries for the First Half of the Years 1979, 1980, 1981

| (a) Year                           | (b) 6 months 1979 n. |        |        | (c) 6 months 1980 n. |        |        | (d) 6 months 1981 n. |        |        |
|------------------------------------|----------------------|--------|--------|----------------------|--------|--------|----------------------|--------|--------|
|                                    | 1979                 | 1980   | 1981   | 1979                 | 1980   | 1981   | 1979                 | 1980   | 1981   |
| 1. Turkey (h)                      | 9,123                | 12,469 | -8,659 | 18,670               | 22,459 | -6,659 | 34,697               | 38,605 | -3,909 |
| 2. United Kingdom (j)              | 1,497                | 1,346  | -2,369 | 2,059                | 2,059  | -2,369 | 2,059                | 2,059  | +101   |
| 3. France (k)                      | 82                   | 2,003  | -2,321 | 119                  | 4,659  | -2,321 | 779                  | 2,319  | -2,349 |
| 4. Federal Republic of Germany (l) | 1,754                | 213    | +763   | 2,579                | 569    | +763   | 1,629                | 1,629  | +463   |
| 5. Germany (West) (m)              | 11,751               | 16,157 | -4,376 | 16,959               | 18,134 | -3,176 | 18,679               | 17,529 | -1,150 |
| 6. Italy (n)                       | 11,156               | 6,679  | +4,136 | 11,156               | 8,467  | +4,136 | 11,463               | 6,623  | +4,601 |
| 6.1. Italy (o)                     | 11,156               | 6,679  | -164   | 11,156               | 8,467  | -164   | 11,463               | 6,623  | +4,601 |
| 6.2. Italy (p)                     | 11,156               | 6,679  | 11     | 11,156               | 8,467  | 11     | 11,463               | 6,623  | +4,601 |
| 7. Germany (n)                     | 2                    | 2      | +      | 2                    | 2      | +      | 2                    | 2      | +      |
| 8. United States (q)               | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.1. United States (r)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.2. United States (s)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.3. United States (t)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.4. United States (u)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.5. United States (v)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.6. United States (w)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.7. United States (x)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.8. United States (y)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |
| 8.9. United States (z)             | 11,156               | 11,156 | 0      | 11,156               | 11,156 | 0      | 11,463               | 11,463 | 0      |

Table No 3 -- Balance of Payments and Balance of Clearings, Comparable  
Data for 1980  
(in millions of foreign-exchange zlotys)

| (a) Tydzień | Bilans płatniczy                     |        | Bilans oczyszczający |        |        |
|-------------|--------------------------------------|--------|----------------------|--------|--------|
|             | (b)                                  |        | (c)                  |        |        |
|             | (d)                                  | (e)    | (f)                  | (g)    |        |
| 1           | 2                                    | 3      | 4                    | 5      |        |
| (h)         | 1. Towary                            | 81.791 | 87.045               | 81.489 | 88.065 |
| (j)         | 1.1. Eksport i import fob            | 81.791 | 87.045               | 81.489 | 87.065 |
| (k)         | 1.2. Pozostały ruch towarowy         |        |                      |        |        |
| (l)         | 2. Usługi                            | 8.392  | 6.911                | 6.902  | 6.900  |
| (m)         | 3. Kwoty handlu zagranicznych        | 431    | 7.455                | 431    | 7.455  |
| (n)         | 4. Proszek                           | 1.199  | 1.517                | 1.095  | 1.097  |
| (o)         | 5. OBROTY BILANSU<br>(od 1 do 4)     | 88.082 | 92.090               | 88.315 | 92.065 |
| (p)         | 6. Kredyty długoterminowe            |        |                      |        |        |
| (q)         | 6.1. Otrzymane                       | 71.486 | 18.754               | 27.642 | 32.897 |
| (r)         | 6.2. Udzielane                       | 472    | 1.131                | 699    | 1.497  |
| (s)         | 7. Obroty majątkowe                  | 66     | 67                   | 56     | 70     |
| (t)         | 8. Kredyty krótkoterminowe           |        |                      |        |        |
| (u)         | 8.1. Otrzymane                       | 8.356  | 8.391                | 8.377  | 8.391  |
| (v)         | 8.2. Udzielane                       |        | 66                   | 982    | 66     |
| (w)         | 9. Operacje finansowe                |        | 127                  | 129    | 124    |
| (x)         | 10. Bakiowe konto                    |        | 333                  |        | 621    |
| (y)         | 11. Zmiany stanu rezerw bankowych    | 8.392  |                      | 8.392  |        |
|             | 12. OPERACJE KAPITAŁOWE (od 6 do 11) | 34.054 | 22.670               | 34.912 | 32.155 |
|             | SUMA BILANSOWA                       | 94.797 | 94.797               | 93.385 | 92.265 |

[Key]:

- |                               |   |
|-------------------------------|---|
| (a) Item                      | (n) Drafts                                |
| (b) Balance of payments       | (o) Current turnovers (from 1 to 4)       |
| (c) Balance of clearings      | (p) Long-term and intermediate credit     |
| (d) Income                    | (q) Obtained                              |
| (e) Outgo                     | (r) Granted                               |
| (f) Receipts                  | (s) Assets transactions                   |
| (g) Expenditures              | (t) Short-term credit                     |
| (h) Commodities               | (u) Financial operations                  |
| (j) Export and Import fob     | (v) Differences in rates of exchange      |
| (k) Other commodity turnovers | (w) Changes in condition of bank accounts |
| (l) Services                  | (x) Capital operations (from 6 to 11)     |
| (m) Foreign-credit costs      | (y) Balance total                         |

Table No 6 -- Balance of Clearings According to IMF Format  
 (in millions of foreign-exchange zlotys)

Table No 6 (continued)

| 1976   |         | 1978   |         | 1979   |         | 1980   |         | 1981   |         | 1982   |         | 1983   |         | 1984   |         |
|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|
| नम्बर  | वार्षिक |
| 51,555 | 31,949  | 38,335 | 48,110  | 41,149 | 52,299  | 45,577 | 54,635  | 49,653 | 63,666  | 51,948 | 64,551  | 58,449 | 71,545  | 71,545 | 71,545  |
| 27,504 | 25,667  | 33,978 | 32,663  | 26,325 | 42,416  | 46,594 | 47,647  | 42,669 | 51,259  | 41,259 | 51,259  | 51,259 | 51,259  | 51,259 | 51,259  |
| 27,504 | 14,887  | 21,970 | 20,730  | 16,325 | 20,416  | 19,390 | 27,609  | 19,635 | 21,635  | 17,355 | 17,355  | 17,355 | 17,355  | 17,355 | 17,355  |
| 5,611  | 3,149   | 3,149  | 3,469   | 3,469  | 3,627   | 3,627  | 3,627   | 3,627  | 3,627   | 3,627  | 3,627   | 3,627  | 3,627   | 3,627  | 3,627   |
| 688    | 901     | 688    | 1,317   | 1,317  | 1,317   | 1,317  | 1,317   | 1,317  | 1,317   | 1,317  | 1,317   | 1,317  | 1,317   | 1,317  | 1,317   |
| 688    | 735     | 688    | 885     | 885    | 885     | 885    | 885     | 885    | 885     | 885    | 885     | 885    | 885     | 885    | 885     |
| 117    | 1,156   | 1,156  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   |
| 768    | 768     | 871    | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   | 1,687  | 1,687   |
| 6,688  | 6,688   | 6,688  | 6,754   | 6,754  | 6,869   | 6,869  | 6,869   | 6,869  | 6,869   | 6,869  | 6,869   | 6,869  | 6,869   | 6,869  | 6,869   |
| 1,156  | 11      | 1,156  | 10      | 9,668  | 97      | 9,668  | 97      | 9,668  | 97      | 9,668  | 97      | 9,668  | 97      | 9,668  | 97      |
| 1,156  | 10      | 1,156  | 98      | 1,156  | 98      | 1,156  | 97      | 1,156  | 97      | 1,156  | 97      | 1,156  | 97      | 1,156  | 97      |
| 11,644 | 1,687   | 14,687 | 14,687  | 17,687 | 17,687  | 17,687 | 17,687  | 17,687 | 17,687  | 17,687 | 17,687  | 17,687 | 17,687  | 17,687 | 17,687  |
| 268    | 61      | 268    | 611     | 611    | 611     | 611    | 611     | 611    | 611     | 611    | 611     | 611    | 611     | 611    | 611     |
| 7,688  | 11,687  | 11,687 | 11,687  | 11,687 | 11,687  | 11,687 | 11,687  | 11,687 | 11,687  | 11,687 | 11,687  | 11,687 | 11,687  | 11,687 | 11,687  |
| 8,688  | 8,688   | 8,688  | 8,688   | 8,688  | 8,688   | 8,688  | 8,688   | 8,688  | 8,688   | 8,688  | 8,688   | 8,688  | 8,688   | 8,688  | 8,688   |
| 268    | 26      | 267    | 266     | 266    | 266     | 266    | 266     | 266    | 266     | 266    | 266     | 266    | 266     | 266    | 266     |
| 43,688 | 61,687  | 54,687 | 54,687  | 61,687 | 61,687  | 61,687 | 61,687  | 61,687 | 61,687  | 61,687 | 61,687  | 61,687 | 61,687  | 61,687 | 61,687  |

## Methodological Commentary on Data of Balance of Payments and Balance of Clearings

### Balance of Payments

#### I. Goods

##### 1.1. Exports and imports of goods fob -- presents:

-- effective foreign-exchange liabilities cleared by national foreign-exchange banks during the reporting period, regardless of the deadline for transferring the goods across the country's customs borders

-- exports and imports handled on credit, registered in foreign credit accounts in the Commercial Bank

### Balance of Clearings

#### 1. Goods

1.1. Exports and imports of goods fob -- turnovers for this item are worked out on the basis of payment data which are subject to modification in terms of:

--scope of the transaction,  
--date for carrying out the transaction,  
--classification of the transaction (inclusion in item other than goods)

In this connection the following are part of the items added to payment data:

- 1) value of transactions in export and import accomplished in a given period but still not cleared in terms of payment,
- 2) exports and imports of goods on credit, but not registered in foreign credit accounts in the Commercial Bank,
- 3) compensatory transactions.

The following are among the items subtracted from payment data:

- 1) advance payments obtained from future deliveries in export and advance payments made to foreign partners for future import deliveries,
- 2) purchase and sale of industrial gold.

1.2. Other commodity turnovers include:

-- contributions in kind received from and sent abroad and postal packages,

-- sale and purchase of industrial gold.

2. Service -- present the effective foreign-exchange income and outgo cleared by the national foreign-exchange banks, as well as the sale and purchase of foreign money and travelers' checks by all the foreign-exchange windows throughout the country.

2. Services -- present the value of services rendered by Poland and the value of services provided by foreign partners regardless of manner of clearing, which depends on the specific nature of international clearings of accounts in various sorts of services.

Forms of clearing other than the transfer of foreign-exchange drafts occur mainly in the fields of:

-- transport and insurance -- in which there is wide-scale compensation of accounts payable and accounts receivable,

-- maintaining agencies of representation, whose maintenance costs are met not only out of subsidies obtained from the mother country but also out of direct income obtained in the administering country,

-- foreign travel, including non-foreign-exchange turnovers.

3. Costs of foreign credit -- present the effective foreign-exchange liabilities.

3. Costs of foreign credit -- in the balance of clearings replace the identical turnovers in the balance of payments.

4. Drafts -- include the effective foreign exchange income and outgo, and the income and acceptance of foreign money from bank windows.

4. Drafts of cash and in kind -- also include:

-- contributions in kind and postal packages,

6. Long-term and intermediate credit -- includes all finance credit and transaction (bank and buyers') credit registered in foreign credit accounts at the Commercial Bank

7. Assets transactions are limited to foreign-exchange liabilities.

8. Short-term credit -- includes all financing credit and transaction credit (bank and buyers') registered in foreign credit accounts at the Commercial Bank.

9. Financial operations -- includes arbitration operations, cross-entries of turnovers of previous years, changes in the condition of the foreign-currency accounts of physical and legal parties (domestic holders of foreign exchange).

-- clearings ~~payments~~ between the MSZ and MHZ, and the PKO Bank for savings paid in at foreign offices, included in "A" foreign-currency accounts, or domestic export accounts which have been used for the costs of maintaining the facilities there.

6. Long-term and intermediate credit  
-- also includes:

-- buyers' transaction credit not registered in ~~foreign~~ credit accounts at the commercial bank,

-- repayments in zlotys to the U.S. embassy in Warsaw (PL-480 -- U.S. sales of farm surpluses for domestic currency)

7. Assets transactions -- also include changes in the share of Polish capital in mixed-capital enterprises.

8. Short-term credit -- also includes:  
-- changes in the condition of advance payments received and paid to foreign partners,

-- credit in ~~the~~ open account of service enterprises.

9. Financial operations -- also include:

-- changes in the condition of the accounts of foreign trade enterprises in foreign banks,

-- changes in the level of Polish money in CEMA country banks.

| Year      | zlotys per U.S. dollar |
|-----------|------------------------|
| 1970-1971 | 4.000                  |
| 1972      | 3.680                  |
| 1973-1977 | 3.320                  |
| 1978      | 3.166                  |
| 1979      | 3.089                  |
| 1980      | 3.054                  |

The exchange rate to be used in calculating the transactions of balances for the years 1970-1980 from foreign-exchange zlotys into transferable rubles is 4.444 zlotys per ruble.

10790

CSO: 2600/305

POLAND

SPECIAL CURRENCY EXCHANGE RATE TABLE PUBLISHED

Warsaw TRYBUNA LUDU in Polish 8 Feb 82 p 7

[Announcement by Stanislaw Majewski, president, Polish National Bank, Warsaw, dated February 8, 1982, of Exchange Rates Table No 6/82, in effect February 8, 1982]

[Text] Exchange Rates Table No 6/82

I. Exchange Rates for Foreign Currency in Zlotys for 1st Payments Area Countries  
[Socialist Countries]

1. Exchange Rates for Commercial Payments

| Country        | Curr Symb | Currency         | Foreign Exchange |          |         |
|----------------|-----------|------------------|------------------|----------|---------|
|                |           |                  | Sales            | Purchase | Average |
| CMEA Countries | 101       | 1 Transfer Ruble | 67.66            | 68.34    | 68.00   |
| Albania        | 315       | 1 Clearing Ruble | 67.66            | 68.34    | 68.00   |
| Korean PDR     | 319       | 1 Clearing Ruble | 67.66            | 68.34    | 68.00   |
| Laos           | 322       | 1 Clearing Ruble | 67.66            | 68.34    | 68.00   |
| Vietnam        | 320       | 1 Clearing Ruble | 67.66            | 68.34    | 68.00   |

2. Exchange Rates for Noncommercial Payments

| Country        | Curr Symb | Currency    | Foreign Exchange and Money |          |          |
|----------------|-----------|-------------|----------------------------|----------|----------|
|                |           |             | Sales                      | Purchase | Average  |
| Albania        | 215       | 100 Lek     | 213.92                     | 216.08   | 215.00   |
| Bulgaria       | 202       | 100 Leva    | 4,070.46                   | 4,111.36 | 4,090.91 |
| Czechoslovakia | 203       | 100 Koruna  | 358.20                     | 361.80   | 360.00   |
| Korean PDR     | 219       | 100 Won     | 1,243.75                   | 1,256.25 | 1,250.00 |
| Cuba           | 208       | 100 Pesos   | 2,385.19                   | 2,409.18 | 2,397.18 |
| Mongolia PR    | 204       | 100 Tugriks | 856.93                     | 865.55   | 861.24   |
| DDR            | 205       | 100 Marks   | 1,119.37                   | 1,130.63 | 1,125.00 |
| Romania        | 206       | 100 Leu     | 431.56                     | 435.90   | 433.73   |
| Hungary        | 207       | 100 Forints | 242.85                     | 245.29   | 244.07   |
| Vietnam        | 210       | 100 Dongs   | 375.08                     | 378.84   | 376.96   |
| USSR           | 201       | 100 Rubles  | 3,582.00                   | 3,618.00 | 3,600.00 |

In the purchase of USSR Bank for Foreign trade travelers' checks for rubles, payable outside the USSR in the currency of the country where the checks are cashed, a rate of 11,436 zlotys for 100 rubles is applied.

II. Exchange Rates for Foreign Currency in Zlotys for 2nd Payments Area Countries  
 [Capitalist Countries]

| <u>Country</u> | <u>Curr Symb</u> | <u>Currency</u>  | Foreign Exchange and Money |          |        |          |         |
|----------------|------------------|------------------|----------------------------|----------|--------|----------|---------|
|                |                  |                  | Sales                      | Purchase | Sales  | Purchase | Average |
| Saudi Arabia   | 771              | 1 Rial***        | 23.72                      | 23.96    | —      | —        | 23.84   |
| Australia      | 781              | 1 Austral.Dollar | 88.99                      | 89.89    | 87.65  | 91.23    | 89.44   |
| Austria        | 786              | 100 Schillings   | 495.20                     | 500.18   | 487.74 | 507.64   | 497.69  |
| Belgium        | 791              | 100 Francs       | 203.77                     | 205.81   | 200.69 | 208.89   | 204.79  |
| Denmark        | 792              | 1 Kroner         | 10.59                      | 10.69    | 10.43  | 10.85    | 10.64   |
| Finland        | 780              | 1 Markka         | 18.20                      | 18.38    | 17.92  | 18.66    | 18.29   |
| France         | 793              | 1 Franc          | 13.65                      | 13.79    | 13.45  | 13.99    | 13.72   |
| Greece         | 724              | 100 Drachmas     | 134.88                     | 136.24   | 116.91 | 138.27   | 135.56  |
| Spain          | 785              | 100 Pesetas      | 81.62                      | 82.44    | 80.39  | 83.67    | 82.03   |
| Holland        | 794              | 1 Florin         | 31.67                      | 31.99    | 31.19  | 32.47    | 31.83   |
| India          | 543              | 100 Rupees***    | 884.77                     | 893.67   | —      | —        | 889.22  |
| Ireland        | 782              | 1 Pound***       | 122.03                     | 123.25   | —      | —        | 122.64  |
| Japan          | 784              | 100 Yen          | 35.11                      | 35.47    | 34.58  | 36.00    | 35.29   |
| Yugoslavia     | 718              | 100 Dinars       | 169.74                     | 171.44   | 147.12 | 174.00   | 170.59  |
| Canada         | 788              | 1 Can. Dollar    | 67.71                      | 68.39    | 66.69  | 69.41    | 68.05   |
| Kuwait         | 770              | 1 Dinar***       | 285.49                     | 288.35   | —      | —        | 286.92  |
| Lebanon        | 752              | 1 Pound          | 17.35                      | 17.53    | 17.09  | 17.79    | 17.44   |
| Libya          | 651              | 1 Dinar***       | 274.74                     | 277.50   | —      | —        | 276.12  |
| Luxembourg     | 790              | 100 Francs       | 203.77                     | 205.81   | 200.69 | 208.89   | 204.79  |
| Norway         | 796              | 1 Kroner         | 13.69                      | 13.83    | 13.48  | 14.04    | 13.76   |
| Portugal       | 779              | 100 Escudos      | 120.73                     | 121.95   | 104.64 | 123.77   | 121.34  |
| FRG            | 795              | 1 Mark           | 34.73                      | 35.07    | 34.20  | 35.60    | 34.90   |
| United States  | 787              | 1 Dollar*        | 81.13                      | 81.95    | 79.91  | 83.17    | 81.54   |
| Switzerland    | 797              | 1 Franc          | 43.60                      | 44.04    | 42.94  | 44.70    | 43.82   |
| Sweden         | 798              | 1 Kroner         | 14.24                      | 14.38    | 14.02  | 14.60    | 14.31   |
| Turkey         | 627              | 100 Pounds       | 57.54                      | 58.12    | 49.87  | 58.99    | 57.83   |
| Great Britain  | 789              | 1 Pound**        | 151.80                     | 153.32   | 149.51 | 155.61   | 152.56  |
| Italy          | 799              | 100 Lira         | 6.49                       | 6.55     | 5.62   | 6.65     | 6.52    |

\*In effect also in clearing of accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru, and Turkey.

\*\*In effect also in clearing of accounts with the following countries: Nepal and Pakistan.

\*\*\*The Polish National Bank does not purchase money for this currency.

9295  
 CSO: 2600/316

#### PREPARATORY PHASE OF FOREIGN TRADE REFORM DISCUSSED

Warsaw ZYCIE GOSPODARCZE in Polish No 50, 13 Dec 81 p 9

[Article by Wieslaw Otta: "Profitability, Foreign Exchanges; Concessions"]

[Text] Preparations for foreign trade reform have entered into a phase in which proposals of concrete solutions assume basic importance. Debates on the general conception of the system must give way to practical fittings and adjustments in mechanisms and structures.

The problem of the so-called transition period is beginning to be outlined especially sharply. It is seen more and more clearly that many of the required solutions cannot be implemented immediately or in the near future. There is a need for proposing temporary solutions that, on the one hand, would consider the situation when reform begins and, on the other hand, would enable an evolutionary investigation into the desired condition without creating the danger of prolonging this temporary state.

#### Will Export Be Profitable?

This is a question that intrigues a lot of producers. This is a question that society also asks in wanting to know whether exchange with foreign countries will make all of us rich or poor. Providing an honest answer requires an honest account of profitability, which would make it possible to compare indispensable outlays for producing and selling a given commodity abroad with the revenues from its sale. This calculation will be correct when domestic prices will have the character of objectivized parameters; that is to say, when prices of foreign currencies will provide information on the real value of currency and when ratios of particular exchange rates of currencies will reflect the actual difference in their purchasing power.

In these conditions, the export financial effectiveness index (WF) will really provide information on its profitability. None of these conditions, however, is being met. We do not know whether our export is profitable or not. We also do not know which directions of exchange are more profitable and which are less profitable. So let us set up objectivized parameters for computing profitability and let us resolve, once and for all, this question.

The problem, however, is not as easy as it seems. The most desired solutions cannot be immediately implemented. Arguments have arisen. Hence, the proposals of the Commission for Economic Reform recently taken under consideration also arouse a number of doubts, which concern all of the basic problems of economic computation in foreign trade. Let us look at them one by one.

In the Commission's proposals, the postulate of objectivizing the system of domestic prices by taking world prices as the basis of setting supply prices has been considered. Supply prices are simply going to be calculated according to the currency exchange rate in effect by means of world prices. Resorting to these prices does not generally create bigger problems if they concern like commodities that are often the subject of market turnover. This also concerns the stabilization of supply prices.

The proposed solution contains at least two controversial questions. The first is connected with the stabilization of prices. In support of it, the need to protect the domestic economy against the excessive variability of the world market has been mentioned. One needs, however, to perceive that stabilized prices restrict the price-creating role of the currency exchange rate and vitiate the results of comparing outlays (in stabilized prices) with income from export (in transacted floating prices). This also causes price changes to jump after the freeze period expires. It is thought that it is much easier for enterprises to adjust themselves to constant and relatively small vacillations than to jumps in price changes. Introducing floating supply prices requires, however, a re-building of the mentality of the managers of our economy, which seems much more difficult than the building of new iron and steel plants.

The second question involved with the computing of world prices against domestic prices is the amount of currency exchange rate being applied. Here we come to the other key problem in an honest economic computation in foreign trade. In official proposals, an exchange level of 50 negotiable zlotys for \$1 has been accepted for establishing supply prices. With this exchange rate, prices of basic supply articles will increase by about 200 to 300 percent (Resolution No. 133). It is calculated, however, that with this same exchange rate over one-half of the exports will be unprofitable. So for extended markets, an exchange rate of 65 zlotys for exports has been accepted. In this way, the basic principle of correctly computing the effectiveness of foreign trade—the principles of uniformity in the exchange rate—is violated. But even this error does not do much to change things. Calculations made in many manufacturing industries show that even with this higher exchange rate the export financial effectiveness index (WF) oscillates around the value of 2, which indicates the limit of profitability has been exceeded twofold.

Exceeding the limit of profitability is not acceptable to enterprises that are self-financing. Many of them are suspending sales-contracting abroad. Consequently, a so-called compensatory system has been designed, which means in practice subsidizing exports. Subsidizing on a broad scale, however, drags along with it a number of negative consequences.

First, one must tighten fiscal policy (for ensuring appropriate budgetary revenues), which may hamper the economic activity of enterprises. Second, there is

a threat of prolonging the noncompetitive structure of production and export. Subsidies will artificially support ineffective enterprises and branches of production. Third, they will meet opposition from trade unions, which will interpret subsidies as an export of national income. Fourth, and final, subsidizing violates the GATT resolutions signed by us.

It is possible, however, to circumvent these regulations by using various kinds of loopholes--a return of profits from intermediary stages of production, a return of import tariff and turnover tax, subsidizing not exports but unprofitable enterprises. In sum, the commissions do not give a guarantee of getting out of the crisis; just the opposite. They create the danger of it continuing.

Therefore, on what level are the currency exchange rates to be established? Marketing idealists have a simple answer for it--a balanced exchange rate that equalizes the supply of foreign exchanges with the demand for them. With the present payment obligations and the huge import-absorptiveness of the economy, a balanced exchange rate would still be a sky-high exchange rate, closer to the blackmarket exchange rate than the trade exchange rate presently being employed. It would ensure large profitability in the export of raw material and little in processed goods. The export of manufactured goods, on the other hand, would be of little profit or unprofitable in general. High-technology products make up an unusually large part of the imports, which a high exchange rate would make very expensive. One must clearly say to one that, given the present structure of production and export, it is not possible at any exchange rate to ensure the amount of profit in exports attained in 1979.

Perhaps this sounds paradoxical; but, in order to pay our debts, we must--for some time--restrict our exports. One must establish an exchange rate so that it will ensure a profitable export large enough to cover the absolutely indispensable imports and the servicing of foreign debts (of course, after conversion of indebtedness). An immediate preparation of a pro-export program for transforming the economy is also necessary. Implementation of this program will make it possible in 3 to 5 years to increase exports gradually and speed the tempo of their growth. There are also certain changes for getting out of the stagnated situation in export somewhat earlier than expected. This is tied to getting the potential of small manufacturers started up.

The third condition for correctly computing the profitability of exchange with foreign countries--precise ratios of exchange rates of particular currencies--is surely the most difficult to fulfill. There is no problem with exchange currencies. Turnovers with CEMA countries still make up about one-half of our exchange with foreign countries. In principle, these turnovers have the character of a two-sided compensatory exchange in unconvertible currency--in transferable rubles. We also have bilateral clearing agreements with many other countries. This creates enormous problems in computing.

#### Foreign Exchange Turnover

The currency exchange rate established according to the preceding proposal will be an arbitrary one and lower than the balanced exchange rate. This makes it impossible to employ the simplest method of distribution of exchange--free sale

according to a balanced exchange rate. Similarly, in the drafts prepared by the Eighth Unit Commission for Economic Reform, which provide for setting the amount of the exchange rate on a level to ensure a profitability of about 80 percent in exports, a defect in the mechanism permits the establishment of the amount of the balanced exchange rate and by virtue of this the directing of exchange rate policy. Without such a mechanism, this policy is threatened by voluntarism and is subject to pressures by exporters who would find it easier to manipulate the exchange rate than to raise the profitability of export production.

Not even the correctly adjusted instruments of economic computation ensure automatically that enterprises would commit themselves to exchange with foreign countries only when this exchange would be profitable. Certain personal benefits connected with international exchange (trips abroad) can induce tolerating some losses in foreign trade. To be sure, this phenomenon would not be able to take on any really serious dimensions; but, in our present payment situation, it is necessary to have an exceptionally rigorous exchange policy that does not allow any unjustified expenditures. Therefore, it is necessary to have a system of foreign exchange turnover that would allow itself to be oriented on a ratio between demand for exchanges and their supply; that is to say, it would give information on the formation of the balanced exchange rate, ensure effective allocation of exchanges and be an elastic system receptive to evolutionary transformation.

Means of foreign exchange would be available to present exporters who should not be exporters at all and, in many cases, should not be exporters in the future. Certainly, one can manipulate the number of transactions but this would be very labor-consuming and create a large area for various kinds of allocations by tender and pressure.

The solution of the problem of exchange rate policy may be looked at in model simulation. It would require, however, transparency and calculability of the foreign exchange market. These conditions, however, inherently belong more to a sphere of postulates than to a sphere of reality.

A more practical solution would depend on a limited introduction of a free foreign exchange currency market (currency exchange). It would be, alongside the traditional and still necessary distribution system, a source of supplying enterprises with foreign currency. Sales on this market would take place according to a balanced exchange rate. The larger the part of general foreign exchange turnover in the makeup of the free market, the more closely would exchange rates emerging from the free market come to being balanced exchange rates for the entire economy.

This proposal seems very inviting. It is an elastic solution--making it possible to broaden the area of free foreign exchange turnover as the payment situation improves. This would also give more and more honest bases for setting amounts of exchange rates in a regulated turnover. There is, however, the danger of improperly utilizing foreign exchanges connected with this proposal, at least in the initial period. In our payment situation, foreign exchanges should, above all, increase our potential for export. On the other hand, in a

free sale, a part of the foreign exchange is obtained by the very efficient enterprises, to be sure (if they are in a position to make large payments) but these enterprises are not designed for export.

It is necessary to implement the system of free foreign exchange credits, for it is one of the sources of supplying enterprises with foreign currency. Such a system would tie in very closely foreign exchange expenditures with the inflow of foreign exchange. Credit would be maintained by the person in a position to pay the interest that balances the demand for credits with the possibilities for receiving credits. The formation of this free bank rate gives one an idea of a balanced exchange rate. The larger the part of foreign exchange turnover in the form of free credits, the more accurate would be the idea or conception of a balanced exchange rate.

A system of free credits also enables an evolutionary transition from an existing situation to a desired situation. Initially, taking into consideration the difficulties in obtaining foreign exchange, its area will be relatively small. As the situation in the balance of payments improves, it can gradually increase its importance. At a certain stage, it is also possible to introduce free sale of foreign exchange on a limited scale.

#### Concessions

In light of our discussions to date, two basic principles remain in doubt. These principles presently delimit the institutionalized structure of foreign trade and they are:

--the principle of institutionalized foreign trade monopoly that grants the right to conduct foreign trade activity to foreign trade enterprises exclusively and to enterprises that have obtained the right to conduct foreign trade activity;

--the principle of the exclusiveness of goods (goods monopoly) of foreign trade enterprises.

Both these principles make the foreign trade system rigid by restricting the possibilities of an elastic adjustment to the changing requirements in the market environment and by lengthening the reaction time. The situation of partners is not identical in trade relations. Monopolistic situations do not lend themselves to being reconciled with the assumed freedom of choice in economic reform.

Reform proposals in the sphere of foreign trade are aimed at restricting institutionalized monopoly of foreign trade through broadening the area of licensing (granting authorizations to conduct foreign trade activity) and relaxing the principle of goods exclusiveness of foreign trade enterprises by ensuring certain freedom in the choice of partners in trade relations with foreign countries (both in export as well as in import). A draft of a legal document regulating the principles for granting concessions or licenses has also been presented.

In examining official intentions in attaining higher standards of efficiency in organizing foreign trade, one cannot resist feeling that officials are concealing their desire to protect the positions of certain institutions and trade groups. They also have the tendency toward an administrative management of foreign trade.

With efficient economic mechanisms and correct economic foreign exchange (see the previous point under discussion), all state enterprises should have the right of conducting foreign trade. The constitutional principle of state monopoly does not mean a monopoly of foreign trade enterprises but an exclusiveness of state enterprises. That is why the procedure of licensing should take in cooperative and private enterprises.

These conclusions are based on the following premises:

--enterprises being managed for profit and committed to a rigorous foreign exchange economy would not engage in foreign trade activity when this activity made them suffer losses;

--the proposed procedure of granting concessions contains obscure points and creates the possibility for erroneous and arbitrary decisions by the agency granting concessions.

This is a question of prohibiting the issuance of concessions in the case of possible mutual competition of Polish economic units and foreign trade enterprises in foreign markets. This prohibition makes it possible to refuse concessions to any enterprise not in a given area of production or in an area of service with an absolute monopoly. Moreover, the condition of a minimal share in export production in the total value of production (25 percent) or in the minimal value of export (1 billion zlotys annually) excludes the possibility of assigning concessions to small exporters. The small exporters can have a small number of foreign consignees who are regular customers; they manage to undertake foreign trade activity much more easily and effectively than large exporters who are too diffused and who do not have constant trade relations with their consignees overseas.

In becoming a part of the concession regulations, the requirement for observing international agreements cannot disturb the economic interests of enterprises. This is, in general, a doubtful condition from the point of view of a binding law on state enterprises. In introducing such obligations into the enterprise's planning, one can enjoin only the founding agency and not the agency granting concessions.

--Further, there is a cadre that is prepared and is only being utilized to a minimal degree. This cadre can handle the duties of a foreign trade employee. In Great Poland, for example, about 150 to 200 persons are experienced in conducting negotiations. Beyond this number, about 500 graduates in economic direction and organization of foreign trade are not working in their chosen profession and, after some practical training, would be able to undertake the duties of a foreign trade dealer.

The implementation of the discussed changes does not mean the liquidation of foreign trade enterprises. In order to authenticate themselves and ensure themselves an existence, they must still accomplish profound transformations in their methods of activity, namely:

- the general conception of the role of the foreign trade enterprise must be subject to change. They must enrich their contracts by diversifying the scope of their activities and carrying out aggressive marketing of their own services;
- the diversity and elasticity in connections and forms of cooperation with domestic contractors must be increased;
- appropriate changes in the internal organization of enterprises must be initiated.

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NEW FOOD, FUEL, ENERGY PRICES PUBLISHED

Warsaw TRYBUNA LUDU in Polish 28 Jan 82 pp 1, 3

[Council of Ministers' decisions on new retail prices for food, heating fuel and energy, and a compensation system; passages enclosed in slantlines printed in boldface]

[Text] The government press spokesman reported that a meeting of the Council of Ministers was held on January 27, 1982.

The Council of Ministers made decisions on changes in retail prices of food, heating fuel and energy, and a system of compensation. /They will go into effect of February 1, 1982./ The decisions were preceded by a nationwide discussion, lasting many months, conducted with the participation of trade unions, social organizations and scientific communities.

After the State Price Commission brochure was published it was discussed in all communities and brought forth many comments and proposals from throughout the country, sent to the State Price Commission and to the press, radio and television. /The Sejm commissions, many party, youth and social organizations, expressed themselves on the matter of prices and compensation. Taking into consideration these opinions and suggestions submitted by the public, the Economic Committee of the Council of Ministers, on the 19th of this month, announced a modified draft of prices and compensation./ It contained a proposal to reduce the increases on payments for energy, gas, central heating and hot water; to radically expand the scope and simplify the system of compensation; and to increase the amount of this compensation for most socio-occupational groups. The changes proposed by the Economic Committee of the Council of Ministers were, on the whole, received favorably by the public. What was especially appreciated was the fact that the modification, to a large degree, took into account the principle public demands on the question of compensation. Although public opinion believes that the price reforms will cause a temporary deterioration in the population's living standard, the majority of the people are convinced that radical price reform is a prerequisite for the success of economic reform, for gradual return to economic balance, and, therefore, for an end to queues and ration-cards, for stronger money, and for restoration of disrupted economic ties between the city and the village.

There is an increasing awareness that the achievement of these goals will require sacrifices by everyone. These are economic laws that can no longer be regarded

lightly. The violation of these laws in the past was principally responsible for the crisis and society's difficult living conditions. The large wage increases over the last 18 months--mostly coerced with no regard for the country's economic realities--while production dropped significantly, violated all economic mechanisms. There was no longer a connection between work results and remuneration. The drop in the value of money that followed made it necessary to increase budgetary expenditures for social services, which were the primary protection for the weakest groups, i.e., pensioners and annuitants, and multi-children families. The decisions by the Council of Ministers on changes in retail food prices, heating fuel and energy, constitute the next, logical and indispensable step toward restoration of the badly shaken economic balance.

/The Council of Ministers' resolution on increasing retail food prices, heating fuel and energy, covers those means of consumption and services that are of fundamental importance to the population's living costs and on which official prices are set./ These price increases are accompanied by compensation. This does not mean, however, that the entire increase in living costs, which will rise due to price increases on articles and services not covered by retail price reform, and above all, manufactured articles, will be compensated. Such an equalization is now impossible, for it would, for all practical purposes, make it impossible to achieve market balance.

/Therefore, the Council of Ministers has adopted a system of monetary compensations which, from the standpoint of the principles of social justice, will, above all, protect the lowest-income families./ This solution should meet with public understanding. The economically weakest social groups are being and will continue to be protected also by the socialist State's entire system of social services. An indication of this is the increase granted last November to all those drawing minimum pensions and annuities, the January 1st large increase in family allowances, and the increase in minimum wages. Accelerated work is now in progress on a new pension system, aimed at eliminating the so-called "old file".

In making the above decisions, the Council of Ministers also examined the initial forecast of the range and scale of price increases on manufactured goods, which are determined, in accordance with the principles of economic reform, by the enterprises independently.

It was noted that aside from the increase in prices of manufactured goods, which is justified by a large increase in producer prices, many enterprises take undue advantage of their authority and set exorbitant prices. Such practices are prejudicial to the interests of the consumers. They also conflict with the basic assumption of economic reform that the independence of enterprises will assist in better satisfying social needs, that the new economic mechanisms will provide the incentives for increased labor productivity, for savings in raw and other materials, and for improvement in product quality.

/The Council of Ministers has recommended that measures be taken to prevent the misuse of authority to fix prices and also to provide conditions for functioning of enterprises in accordance with the principles of reform./ First, the range of the regulated prices on groups of goods which are of fundamental importance in the family budget should be extended. Second, there should be an exact definition of which costs may be judged to be justified. The price of goods should not be burdened with

the costs of uneconomical management, poor organization of work in the enterprises, and wasted materials. It is essential now, under the new economic conditions created by reform, to first of all increase production, manage more economically, increase the quality and durability of goods, further improve trade, and develop the services that will extend the life of durable goods. Only in this way can the inflationary gap be eliminated and a lasting balance in the economy be achieved. At the same time, a perceptible improvement in market supplies should be achieved.

/The Council of Ministers has recommended that the work on the principles of compensation for the effects of price increases on manufactured goods be accelerated, with particular consideration to the interests of the people with the lowest incomes./ It was also recommended that work be intensified on the implementation of a social minimum adapted to a higher total level of prices of goods and services.

It was also stressed at the Council of Ministers' meeting that along with the formation of a system of price controls and the expansion of official controls, a public control must be developed which would operate independently of the state administration. In order to do this, the Council of Ministers believes that it is essential to organize, as quickly as possible, a public price commission in which the initiating and leading role would be fulfilled by the Consumers Federation.

In connection with the changes in retail food prices, heating fuel and energy, the Council of Ministers made a number of additional decisions which conform to public demands and are also the direct result of these changes. Particular concern was shown to the problems of young married couples who are beginning their professional and family life. Taking into account the problems caused by the housing situation and the anticipated changes in the prices of manufactured goods, the Council of Ministers, in accordance with the premier's earlier promise, decided to change the rules for granting credits to young married couples, so as to make life easier for them.

/The government's resolution in this matter expands the State's financial assistance to young families. The upper credit limit has been raised to 150,000 zlotys./ The detailed rules for granting and paying off credits have also been defined. In expanding credit assistance so greatly, the Council of Ministers has also emphasized the obligation of the young workers—debtors, to society, for these credits can be, to a large degree, amortized, depending on the place and type of work performed and irreproachable performance of duties. A condition for the payment of the amount of credit due by the workplant is that the worker must be employed at the plant that gives the assistance at least 5 years.

A change has also been made in the instructions regarding plant housing fund, which allows the workplants to increase not-repayable, temporary assistance to families and persons finding themselves in difficult economic situations. A portion of the payments for heating the dwellings and for hot water will be covered if the compensation to which they are entitled turns out to be clearly insufficient.

In implementing the increase in benefits for mothers who are caring for small children, promised by the premier in the Sejm, the Council of Ministers changed the order now in effect regarding upbringing leaves. / On the strength of this order, the State guarantees that the period of benefits payment will be increased by six

months for mothers who are on upbringing leave. Therefore, mothers at the income levels, caring for children, may be entitled to a total of paid leave./ The Council of Ministers believes that this will be the most important forms of material assistance for young families.

/The Council of Ministers, in its concern for the oldest pensioners and annuitants who require increased care, adopted an order in the matter of increasing the supplement added to pensions and annuities for those who belong to the group I disabled or who are 80 years of age or older./ The order increases the supplement to the pensions and annuities of these persons to 1,000 zlotys.

It was also decided to reduce the upper limit of the increase on reimbursement for meals in the plant cafeterias to 18 zlotys.

The Council of Ministers accepted the proposal of the president of the Polish National Bank to rescind the restrictions on savings and checking account turnover put into effect on December 13, 1981.

The rescission, effective February 1, 1982, of existing restrictions on personal monetary accounts and savings turnovers occurs in connection with the progressive stabilization of public life and the rules in effect before the imposition of martial law will now prevail.

/The Council of Ministers next adopted a resolution on savings tasks for 1982. The resolution provides that further large savings in the budget will be achieved./ Therefore, measures will be taken to reduce the number of permanent positions in the State and economic administration, reduce expenditures for training conferences, rallies, nationwide meetings, business trips, and trips abroad. Expenditures in the economic administration for entertainment and advertising will also be reduced. Correspondingly more modest financial means will be allocated to the more conservative program assumptions of radio and television. The government's resolution also stresses that research programs must be better adapted to the needs of the economy and culture, and it obliges the ministers, governors and all managers of economic units to manage budgetary funds in absolute compliance with savings requirements.

/A preliminary examination was also made of the tasks falling to the State administration from the speech by the chairman of the Council of Ministers at the Sejm./ It was ordered that their operational implementation begin immediately. These matters will be examined in detail at a special meeting of the Council of Ministers next week.

\* \* \*

/The Council of Ministers adopted a resolution on retail prices of basic food articles, heating fuel and energy. The new prices will be effective February 1, 1982 and are as follows:

|   |                          |
|---|--------------------------|
| Sugar, white, crystal                             | 46 zlotys per 1 kilogram |
| Salt, evaporated                                  | 6 zl per 1 kg            |
| Milk, 2 percent butterfat, bottled                | 10 zl per liter          |
| Cream, homogenized, 18 percent butterfat, bottled | 24 zl per 0.25 liter     |

|  |                     |
|--|---------------------|
| Butter, table, creamery  | 60 zł per 0.25 kg   |
| Cheese, yellow, hard (edam, gouda)                             |                     |
| 40 percent butterfat   | 190 zł per 1 kg     |
| Cheese, cottage, fat (chunk, 30 percent<br>butterfat)          |                     |
| Margarine, dairy   | 84 zł per kg        |
| Margarine "Palma"  | 23 zł per 0.25 kg   |
| Vegetable shortening   | 30 zł per 0.25 kg   |
| Oil, edible, rapeseed "Universal"                              | 35 zł per 0.25 kg   |
| Pork roast, with bone  | 60 zł per 0.5 liter |
| Ham, pork, with bone   | 360 zł per 1 kg     |
| Pork, shoulder, with bone                                      | 380 zł per 1 kg     |
| Bacon, raw   | 250 zł per 1 kg     |
| Spare ribs, pork   | 110 zł per 1 kg     |
| Pigs knuckles  | 100 zł per 1 kg     |
| Pigs feet  | 110 zł per 1 kg     |
| Beef, tenderloin   | 25 zł per 1 kg      |
| Beef, roast  | 420 zł per 1 kg     |
| Rump roast   | 300 zł per 1 kg     |
| Beef steak and loin chops                                      | 180 zł per 1 kg     |
| Beef with bone (brisket, neck, chuck,<br>plate)                | 180 zł per 1 kg     |
| Ham, pork, boiled  | 100 zł per 1 kg     |
| Ham, smoked, boiled in a bladder                               | 550 zł per 1 kg     |
| Sausage, old-village   | 500 zł per 1 kg     |
| Sausage, ordinary  | 350 zł per 1 kg     |
| "Mortadela" [a type of sausage]                                | 190 zł per 1 kg     |
| Liverwurst   | 100 zł per 1 kg     |
| Sausage, buckwheat, choice                                     | 100 zł per 1 kg     |
| Sausage, barley, choice  | 60 zł per 1 kg      |
| Headcheese, Italian  | 50 zł per 1 kg      |
| Chicken, dressed   | 100 zł per 1 kg     |
| Salt pork  | 130 zł per 1 kg     |
| Lard, pork   | 100 zł per 1 kg     |
| Herring, Baltic, fresh, whole                                  | 30 zł per 0.25 kg   |
| Herring, Baltic, salted, whole                                 | 40 zł per 1 kg      |
| Cod, dressed, headless, fresh                                  | 60 zł per 1 kg      |
| Cod fillets, skinless  | 50 zł per 1 kg      |
| Hard coal  | 100 zł per 1 kg     |
| Grade Ia   | 2,200 zł per 1 ton  |
| Grade I  | 2,000 zł per 1 ton  |
| Grade II   | 1,700 zł per 1 ton  |
| Coke, domestic   |                     |
| Course I   | 3,000 zł per 1 ton  |
| Nut II   | 2,850 zł per 1 ton  |
| Unsorted   | 2,250 zł per 1 ton  |
| Electrical energy, consumed using<br>a single-rate meter       | 1.80 zł per 1 kWh   |
| Electrical energy, consumed at night<br>using a two-rate meter | 0.80 zł per 1 kWh   |

|  |  |
|--|--|
| Natural gas, high-methane                              | 2.70 zł per 1 cubic meter  |
| Natural gas, nitrified, and propane-butane-air mixture | 1.90 zł per 1 cubic meter  |
| Coke and town gas                                      | 1.40 zł per 1 cubic meter  |
| Central heating  | 5.50 zł per 1 square meter<br>of usable floor area per<br>month  |
| Hot water  | 2.00 zł per 1 square meter<br>of usable floor area per<br>month/ |

The chairman of the State Price Commission will establish the retail prices of the different forms of these articles in the appropriate ratio to the retail prices of the articles listed.

The increased retail prices on heating fuel will not be applied to purchases of coal not yet made but due under the 1981 allotments for residential purposes or to the contractual agreements for delivery of products made in 1981 and in January of this year.

The increased payments for electrical energy and gas fuel will be applied to the first reading of the meter after January 31, 1982.

The chairman of the State Price Commission, in coordination with the Minister of Domestic Trade and Services will establish new trade margins for the articles listed in the new price list, taking into account the increased retail prices of these articles.

The retail price increases were made in the amounts shown in the recently published State Price Commission brochure, "Change in Retail Prices of Food, Heating Fuel, and Energy, and a Compensation System", including the revisions added by the Economic Committee of the Council of Ministers. A broader justification for the necessity to increase prices is contained in this brochure.

/The new retail prices of food items were based on procurement prices at the end of 1981 and on the current production costs and turnovers, taking into account the effects of the reform of producer prices applied on January 1, 1982./ A number of exceptions to this rule were made by establishing deliberately lower prices (due to the continuance of subsidies from the State budget) on milk, butter, fresh-water fish, and some cheaper grades of sausage (e.g., ordinary sausage, "mortadela", liver-wurst, cereal). It will also be necessary to continue partial subsidies on electrical energy, gas, central heating and hot water.

The price increases will add 342.8 billion zlotys to the population's expenditures for food, and 48.7 billion zlotys for heating fuel and energy (they will be partially compensated).

Of the total sum of these additional costs (391.5 billion zlotys), the nonfarming population will bear 346.4 billion zlotys and the farming population, 45.1 billion. The increase on food items averages 241 percent, and on fuel and energy, 171 percent.

**GRASSROOTS POLL ON PRICE INCREASES PUBLISHED**

Warsaw TRYBUNA LUDU in Polish 13, 14, 15, 18 Jan 82

[13 Jan 82 pp 1, 4]

[Text] This topic is of universal interest. As known, the revisions of food, fuel and energy prices and the attendant compensation payments are bound to affect our family budgets. But the question is, how? To what extent will the proposed new prices and methods for compensation for the ensuing rise in the cost of living be reflected in the level of our living standards?

We compute this, pencil in hand. We calculate, ponder, discuss. Against the background of these deliberations and considerations, varied opinions and proposals are engendered. They are important to the whole of the price reform and amounts of compensation. Thus, they should reach the headquarters at which the premises for this operation--so important and so vital to broad masses of the public--are being worked out.

With this idea in mind, we are initiating a publicity and information series.

**Higher Prices and Your Budget**

Under this heading we will publish:

--Letters from our readers containing opinions on the projects for [price] changes;

--Answers to topical questions and uncertainties;

--From 14 to 16 January (between 1000 and 1800 hours) the Warsaw readers of TRYBUNA LUDU will be able to telephone their comments and responses to the editors at the number 28-43-08 as well as at the switchboard number 28-34-01, extension 154. On the first day--January 14--during the hours 1530 and 1800, the telephone calls will be answered by the Chairman of the State Price Commission [PKC], Minister Prof Zbigniew Krasinski.

Readers outside Warsaw will be able, through our mediation, to transmit to the minister their comments by mail.

We shall discuss prices and compensation with our readers at the TRYBUNA LUDU Discussion Clubs at, among other places:

--The Nitrogen Industry Plant in Kedzierzyn on 18 January at 1600 hours;

--The Stalowa Wola plant on 21 January at 1630 hours.

Reports on these discussions will be published in the coming issues.

(The first comments received from labor establishments are published on page 4.)

#### First Comments

Below we publish the first comments on this topic, which we received from various plants across the nation.)

#### In Opole Voivodship

How are the price revision projects and compensation proposals assessed by the plant party organizations in the Opole region? We asked this question of the head of the Socioeconomic Department of the PZPR voivodship committee in Opole, Comrade Kazimierz Susecki.

[Answer] Let me remind you that polls are conducted by the State Price Commission. As known, we discussed this topic even earlier and the common consensus was that prices must be changed.

Many people, including party members, are alarmed because, in view of the short period of time set aside for the public opinion poll, the suggestions submitted may not be taken into account. The proposals are not so perfect as to need no revisions. This is the first polling of party members and we shall continue to take such grassroots polls after the next price proposals are prepared as well.

Our consensus is that the changes of retail prices are part of the introduction of the economic reform. At the same time, we believe that the scope of the price changes and the amounts of compensation are matters for discussion. It is precisely with respect to these matters that we are attempting to conduct a poll and not to impose the proposed solutions.

[Question] It is said that the proposed compensation payments are too low, that they will not offset the losses incurred by the major price increases.

[Answer] The amounts of compensation and the pace of introduction of the system are questions whose solution should be based to the maximum possible extent on correlating public opinion with the country's economic realities.

[Question] Let us at the same time bear in mind that the price changes also are intended to restore the market equilibrium.

[Answer] No doubt about that, but, like the majority of those here, who support the C variant, the proposed difference between the burden on the budget owing to price increases and the overall amount of compensation should be lower and amount to, say, 50 billion zlotys. The 25 billion zlotys that would thus have been saved should be used to augment compensation so as to differentiate it, with priority to children and youth under family allowances as well as to single women, pensioners and annuitants.

[Question] Which variant is preferred by the majority--a one-time change in all prices or staggered price changes?

[Answer] Since the most widely discussed and criticized subject is the amount of compensation for the increases in the prices of fuel, gas, electricity and heating, from the social standpoint it would be advantageous first to change the food prices and only afterward, during the second stage, to change the prices of these energy sources. This would afford more time for a more thorough analysis of opinions and the presentation by the PKC of more understandable and precise calculations.

One more thing is that the compensation system should be an interim system. This kind of social justice problem should be resolved in the plane of labor and wages. What is essential is that our wage system should fully become a factor providing incentives for better work.

#### From Various Corners of the Country

The opinions are in accord: Realistic retail prices are indispensable. While this is recognized, at many plants fears are expressed that such substantial proposed price increases might not be adequately offset by compensation.

At the Chemitex Chemical Fibers Plant (Skierniewice Voivodship), it is thought that "the jump in prices is shocking compared with the amounts of compensation." A similar opinion has been expressed at the Nitrogen Plant in Tarnow: "The increases are astronomical, and no compensation will offset them--the lowest wage-earners will suffer." The situation of the low-income families was also pointed out by party workers at the Bydgoszcz Zachemie Plant, where the establishment of an assistance fund for low-income families has been proposed. This anxiety is being caused by the situation of young married couples.

From the information transmitted by the PZPR Voivodship Committee in Elblag, it ensues that, at the local plants, variant B--that is, the intermediate variant--is regarded as the most rational variant of compensation. This variant is also supported by the majority of the personnel of the Torun Merinotex Plant.

Noteworthy also are the suggestions from across the nation for an extension of the period of the polling of public opinion about price changes and compensation.

[14 Jan 82 pp 1, 2]

[Text] News on widespread public interest in the proposals for changing the prices of food, fuel and energy and in the

attendant compensation proposals, is being received from across the nation. Discussions of this topic are taking place at labor establishments and party meetings and within families.

The information we receive indicates that the attention of the public is chiefly focused on the forms and amounts of compensation. This is nothing surprising because precisely this will affect the living standards of families following the indispensable--as recognized by a fairly wide public--price increases.

Concern about these issues is reflected in the numerous telephone calls received from our Warsaw readers. Although we had announced that the chairman of the State Price Commission, Minister Zdzislaw Krasinski, would participate in answering telephone calls today, already yesterday both telephones had been ringing nearly all the time.

In the opinion of Bronislaw Dzieciatkowski, a longtime Warsaw power-plant employee, the proposals for compensation for price increases are based on unfair priorities. He declared that he has "reached my current, fairly good level of earnings after 35 years of honest work. So why should I receive a lower compensation than some lazy worker who does not deserve higher wages?" Further, this reader asked us whether it might not be better, at least, to pay everyone the same compensation, combined with adequate social assistance in truly needy cases.

Similar anxieties were expressed by Kazimierz Lewandowski. He pointed out that the compensation proposals do not allow for the fact that higher earnings often are due to higher skills and greater knowledge. Why then penalize people who have higher educational background and, for this reason, greater aspirations? Such a solution, in our reader's opinion, rewards mediocre individuals who have no ambitions.

Pensioner Janina Duda believes it unjust that the draft specifies what she considers shockingly low compensation for persons receiving high old-age pensions, for example, around 8,000 zlotys monthly. Such pensions represent a culmination and reward for persons who devoted all their life to work.

We received many queries about specific solutions. Feliks Sztykgold asked whether the proposed compensation payments will be included in the future revalorization of old-age pensions. Anna Leczycka asked for an explanation as to how compensation will be calculated for mothers who receive child-rearing allowances. Jadwiga Pazdyka wanted to know how compensation is credited to women whose husbands are abroad working on foreign construction projects and who receive the so-called separation allowances.

In addition to queries about the changes in food, fuel and energy prices, our readers were curious about the manner of compensation for the rise in living costs due to the increases of prices for manufactured consumer goods not included in the compensation proposed by the State Price Commission.

There has been a particularly large number of alarmed queries from young married couples.

All of the queries received yesterday we will transmit today to Professor Zdzislaw Krasinski, who, as announced, will answer telephone calls from our Warsaw readers between 1530 and 1800 hours today. Note again the telephone numbers: 28-43-08 and 28-34-01, extension 154.

We shall devote considerable space in coming issues of this newspaper to reporting on the course of this telephonic discussion; this will also include answers to the queries received earlier and transmitted to Professor Krasinski. Reminder: In our publicity-information series, "Higher Prices and Your Budget," we are publishing:

--Letters from our readers with comments on the proposals for price changes;

--Answers to topical questions and uncertainties;

--From 14 to 16 January, the Warsaw readers of TRYBUNA LUDU may pass on their comments and assessments by telephone, by calling at 23-48-08 and 28-34-01, extension 154.

--We shall discuss prices and compensation with our readers at the TRYBUNA LUDU discussion clubs, such as the one at the Nitrogen Industry Plant in Kedzierzyn on 18 January and at Stalowa Wola on 21 January.

[15 Jan 82 pp 1, 2]

[Text] Yesterday, Minister Zdzislaw Krasinski answered telephoned queries by several tens of TRYBUNA LUDU readers about prices and compensation, while in our editorial offices.

Although only the inhabitants of Warsaw Voivodship were to speak with the minister directly, many queries from readers also came by mail or through our local correspondents. Altogether, we have already received some 200 queries, comments and suggestions.

[Query] Will not the proposed compensation system reduce the incentives for productive labor, since for many families the compensation payments will become the principal source of income and will this not shorten the range of salaries? This question was asked by Jan Sadecki from Warsaw Voivodship, and similar fears were expressed by some 15 other callers.

[Answer] The wage and salary range had been broader, but this has not contributed at all to any marked increase in productivity. Thus it is not the pay range but the entire economic system and a good organization of labor that influence productivity.

Shortening the pay range will shorten the path toward a market equilibrium and abolishing the rationing system.

Without going further into this topic, let me say that nothing will impede those who are losing now from earning more precisely due to more productive work and greater initiative while, at the same time, contributing to increased production.

As for those who, as being said, are reaping considerable rewards [for working less], their performance will be verified by the plant crews that, in any financially independent enterprise, expect good work from well-paid employees. I'm not sure whether I've convinced you, reader.

[Query] I'm rearing a child while on maternity leave. What pay will I receive when I return to work after a year? (asked by Helena Brzozowska from the Warsaw Unima Plant)

[Answer] After some time, the compensation payments will be included in the wage net, so that if you return to work in a year or later in the same wage category, it will, of course, be augmented precisely by the compensation pay.

[Query] I work in a private barbershop. Will I receive compensation pay? (asked by Krzysztof Muczko of Warsaw)

[Answer] You'll not receive any compensation, but your children will, and so will your wife, if she's not working.

Such are some of the questions. The answers to the other questions asked in the previous days will be found by the readers in the coming issues of TRYBUNA LUDU.

#### The Discussion Continues

Immediately after Minister Krasinski completed his telephone-answering tour of duty, we asked him to comment on his conversations with the readers.

[Question] Have there been any queries that you didn't answer specifically or unequivocally?

[Answer] Yes, there were. But this is yet another proof that the project is being continually perfected and improved. Among other things, here and there it is being said that these [price] proposals long ago definitively and finally were resolved. This isn't true at all.

I jotted down many questions that must be urgently clarified. For example, is a part-time regular employee entitled to receive the same compensation or only one-half? As I have been informed today, some plants allegedly pay only one-half of the compensation due for the increase in bread prices. Another question is: The wife works in a socialized establishment but the husband is an income-tax payer (a taxi driver). The family fears that, under the regulations in force, it will not receive compensation. Such fears must be dispelled.

We also must pay more attention to ensuring greater assistance to child-rearing single women.

[Question] What is special and characteristic about the phone conversations you held today concerning prices and compensation? Generally—Yes, details must be worked out.

[Answer] They were different, characterized by complete sincerity, familiarity with the subject and specificity. The proportion of low-income callers was small. The publicity campaign so far, as well as numerous consultations, radio programs, articles in the press and, chiefly, specific statistical tables, have convinced low-income persons that they are under special protection and will not lose [by the price reform].

Definitely most apprehensions were expressed by those who will lose something because they must finance the less well-situated groups. Of course, they asked to be remembered but they did show understanding and general support for the project.

[Question] Which variant was the most popular?

[Answer] About 43 percent of the employed supported variant B; 37 percent, variant C; and 20 percent, variant A.

[Question] Did the extremely high price increases meet with acceptance?

[Answer] Yes, this necessity is understood by the public. After all, it would be meaningless for me to decide to, say, price 1 of ordinary kielbasa at 50 zlotys if no one were to produce sausage at that price.

The discussion then concerned the prices of manufactured consumer goods. There were anxious queries as to whether the goods will really appear in the stores following the price changes and whether their prices would be too high.

[Question] What did you answer?

Will the Store-Shelves Be Filled?

[Answer] The increases in the prices of manufactured consumer goods was by 60 to 100 percent, which is lower than the increases in food prices, will restore the proper overall proportions. Our retail prices will draw much closer to those existing in other countries--e.g., in Hungary and Yugoslavia--as well as to the prewar price relations in Poland.

Another thing is: Althoug a high percentage of consumer goods will be sold at prices fixed by their producers, I wouldn't fear that our wallets would be depleted. When there is competition, the more expensive producers will be forced to pursue profits by reducing costs rather than raising prices. Conditions will be created for a gradual rise in the profitability of production and improvements in supply.

[Question] Was there any query that surprised you?

[Answer] Yes, there was one. One caller introduced himself as an expert on coal and energy problems and proposed raising the price of coal by 5,000 zlotys per ton. I agreed with the economic justification for this proposal, but is is unacceptable from the social standpoint.

#### Acknowledging the Realities

[Question] Is there any other question you would like to be asked?

[Answer] Yes, whether I still remain an optimist. I do. Today, I found confirmation for this optimism, for which some reproach me. My confirmation came precisely from the readers of TRYBUNA LUDU because, though they view the problem of prices and compensation primarily through the prism of their own household or family--which is quite natural--they do increasingly express their awareness of the general and difficult realities of the nation's entire economy and of the international situation.

[18 Jan 82 pp 1, 5]

[Text] We are continuing our series, "Higher Prices and Your Budget." Today and tomorrow, between 1000 and 1800 hours, we can be called at 28-43-08 or 28-34-01, extension 154. Queries, comments and suggestions on the proposals for price revisions will be received. Readers outside Warsaw may transmit their comments by mail.

In the course of 4 days of phone conversations with our readers concerning drafts of new prices and principles of compensation, quite a few of our callers expressed doubt as to whether their critical comments would produce any effect on the final shape of the price reform under way. These fears should be unambiguously dispelled by the report on Saturday's session of the Economic Committee of the Council of Ministers (published below). On making allowance precisely for the opinions of the public, the Economic Committee announced revisions of the previous proposals in response to the feelings of the public.

We have jotted down quite a few suggestions for revisions of this kind, dictated by life itself, while receiving questions, comments and opinions from nearly 300 readers of TRYBUNA LUDU.

[Query] Last December, we received a loan as a young married couple, which we haven't yet utilized. What is the real value of that loan now? (asked by Małgorzata Bienkowska, Warsaw)

[Query] We were granted a loan 2 months ago, but only now have color TV sets appeared at the "Junior," and their prices are new. (asked by Małgorzata Regulska, Warsaw)

[Query] The gas and electricity rates are rising rapidly. I calculated that they will absorb two-thirds of my family budget. (asked in writing by Krzysztof Sulewski of Lomza Voivodship. There have been many such questions.)

[Query] The compensation for the somewhat higher wage earners is too low. It will weaken the incentive to work. (asked in writing by Zygmunt Mankowski of Poznan Voivodship)

#### Gdansk: Understanding with Reservations

The comments vary. No one doubts that the price reform is indispensable to the health of the economy, but reservations are prompted by the scale of the price increases and the proposed compensation. Comments collected by the ZSMP [Union of Polish Socialist Youth] elements from among young people point to a general anxiety about the negative influence of such tremendous price changes on the budgets of young married couples with children, of new families. They suggest changes in the principles for loans to young married couples as well as the establishment of a fund for minimal financial assistance to young married couples. Questions about guarantees counteracting the increase in production costs also are numerous.

As we were informed by the secretary of the PZPR plant committee, at the Gdansk Shipyard imienia Lenin the general consensus is not flattering to the proposals presented by the PKC [State Price Commission]. The shipyard workers claim that, as proposed, financially the price reform will be extremely painful to those who support their families by getting good pay for good work. The consultations so far resulted in the drafting at the shipyard of a variant of compensation payments that is more just to the situation of each and everyone. It is proposed that a 4,600-zloty income level per family member be adopted as the starting point--then full compensation would apply to everyone. For the income levels from 4,600 to 9,200 zlotys per person, the compensation would be gradually lower, and no compensation at all should be paid at per-person income levels exceeding 9,200 zlotys monthly.

#### Tarnobrzeg: In Favor of Variant B

What concrete suggestions ensue from the party debate about the proposals for price changes and compensation? We asked this question of the secretary of the PZPR Voivodship Committee in Tarnobrzeg, Comrade Jerzy Zaranski.

[Answer] The greatest interest is focused on compensation. The new price levels are less discussed except for suggestions for minor revisions.

[Question] For example, what revisions are those?

[Answer] Most often it is pointed out that the proposed prices of ordinary sausage and yellow cheese are exorbitant, that they should range at 100 to 120 zlotys instead of 190 zlotys per kg. These foods happen to be quite widely consumed. On the other hand, it is pointed out that the prices of milk and sour cream should not be below their production costs, contrary to the proposals.

[Question] What do you think of the comments on compensation?

[Answer] Generally, these comments are critical, although not infrequently the criticism stems from incomplete familiarity with the proposals. The prevailing opinion is that the so-called variant B should be introduced, meaning compensation that would protect the lowest-income families and would not hurt the wealthier families too much.

At the same time, there are resolute claims that the new prices and compensation be accompanied by a program for curtailing excessive incomes of private entrepreneurs.

A broader program for linking population income to the general increase in living costs is being awaited. Such are the initial suggestions. The discussion continues.

#### At the Rzeszow Zelmer Plant: Income per Family Member

At the Rzeszow Zelmer Plant, the necessity of price increases is not denied. On the other hand, the issue of compensation causes great anxiety. Installer Jozef Bojda pointed out that this may prompt people to want to be classified into lower pay categories.

Jozef Chorzepa, head of the adjustments department, performed a detailed calculation for his own six-person family (wife and four children, of whom the youngest is 1 year old and the oldest, 11 years), as an example. He earns 11,500 zlotys [monthly] and his wife, about 6,000 zlotys. He found that his figures on consumption norms agree almost completely with the figures given in Minister Krasinski's brochure, although his family consumes more milk and less cheese and jam. Previously, the cost of raw and processed meat (in monthly terms, 2 kg of pork joint, [pork] shoulder, ribs and headcheese; 1 kg of ham; and 3 kg of ordinary sausage and pate), utilizes (gas, electricity), nursery, preschool and housing loan installments, accounted to 42 percent of his household budget. Under variant A-I, this figure would rise to 60 percent. One proposal is that the compensation should not be automatically dependent on the level of earnings but should also allow for income per family member

#### Costs Cannot Be Fooled

[By Ryszard Bilski]

A railroader from the PKP [Polish State Railroads] Engine Shed in Grodzisk, Stanislaw Kaczorowski, declared to Minister Zdzislaw Krasinski, while the latter was answering telephone calls at the offices of TRYBUNA LUDU, "I'm opposed to the milk-price subsidy." Would not it be better to base the milk price on the cost-effectiveness of milk and correspondingly to augment the compensation?

To be sure, in both cases the same amount of money would be involved, but this would not be the same thing. Being assured of a subsidy, the producer would not be sufficiently motivated to reduce costs. A subsidy is an incentive for wasteful operation.

Yet, in this particular case, a radical abandonment of subsidy for a staple food consumed chiefly by children would not be fully justified. It would be shocking, on the other hand, if one liter of milk with a 2 percent fat content would cost 18 zlotys.

But the denial of subsidies in general--not fairly common--is understandable and constructive. You cannot fool the costs: they must be honestly calculated and considered in the prices. The lack of this elementary respect for costs in the last few years, reflected in the "ballooning" of subsidies to their ultimate limits, has been responsible for the current need for substantial price increases, which we must have if we are to introduce the financial autonomy of enterprises--this sole salvation of our economy.... This need has been ripening over the years. Any further delays would only threaten disaster.

Our acceptance and understanding of the need for higher prices as consumers should, however, be accompanied by our more resolute action as producers in ensuring that the greater realism of costs would also be accompanied by greater respect for [a more efficient consumption of] raw materials and energy and concern for quality of products. In a word, what matters is that the costs of waste, inefficiency and shoddy work should no longer be an ingredient of prices.

The phraseology is familiar to us. But today, it sounds rather different. Although, as some say, these expressions are shopworn, they are acquiring a new importance and urgency, an importance and urgency ensuing from the real need of us all rather than from speechifying.

Costs cannot be deceived, but their rise can be impeded.... This should be borne in mind at the beginning of the road of the active price policy.

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GRASSROOTS POLL ON PRICE INCREASES FURTHER DISCUSSED

Warsaw TRYBUNA LUDU in Polish 22, 23, 24, 25 Jan 82

[22 Jan 82 pp 1,2]

[Text] (TRYBUNA LUDU service) The TRYBUNA LUDU Discussion Club at the Measuring Instruments Production Plant named for Janek Krasicki (formerly "Mera") in Warsaw organized a meeting of the party aktiv and the professional aktiv of this enterprise with Jan Glowczyk, candidate member of the PZPR KC [Central Committee] Politburo, who was making his second visit there.

Problems with the implementation of economic reform under martial law conditions were the subject of the meeting. However, the meeting opened with the topic of the day: price changes.

Comrade J. Glowczyk reminded those present that changes in producer and retail prices are an integral part of the reform. It is a problem, however, that must be regarded from two different viewpoints: that of the producer and that of the consumer. Producers, guided by purely economic considerations, aim at making the greatest profit. This is most easily attained through an increase in prices. But when we look at this problem from the consumer's viewpoint, we begin to consider the social consequences of price increases.

It is difficult to reconcile different economic interests. This is becoming very clear in surveys on the price issue.

A basic question arises: If we are guided by the principle of social justice, we must take into account those who are weaker economically. To this the soul of the economist at once cries out: And what of work incentives?

The issue is all the more stinging, since after years in which no changes were made in producer prices and relatively little change in retail prices, price reform must now be conducted on a broad scope in a very short time.

Questions and discussion were dominated by those problems with which the work force, and above all the party and directorial aktiv of the plants, are dealing during the initiation of reform.

The head bookkeeper, Zdzislaw Sobieski, spoke of an increase in costs to the enterprise as a result of compensation payments to the work force. This will necessitate an adjustment in the price of products.

The deputy director for economic affairs, Wojciech Marcinkiewicz, and the deputy director for production affairs, Wojciech Mikulski, spoke of operational programs and the priorities tied up with these programs, as well as of real procurement opportunities, particularly for imported materials and semifinished products. They also discussed the acquisition of foreign-exchange zlotys for such purchases by a plant primarily engaged in coproduction.

Those assembled did not find answers to all of these questions for, as one of the discussants stated, much is still unknown.

[22 Jan 82 p 4]

[Excerpt] Teresa Izdebna and Alicja Parchacz work at "Mera-Centrum"; to put it very generally, they build computers and measuring instruments. Natalia Lebowicz sews women's wear at "Cora." Stanislawa Szymanska, Jerzy Jacewicz and Jacek Anickowski work at the "Roza Luksemburg" electronic tube and fluorescent bulb factory.

We sat with them at an office table and spoke of the proposals by the Council of Ministers Economic Committee on price changes and the introduction of compensation.

[Question] A basic question is: What will happen to the family budget in light of recent price-compensation proposals?

Teresa Izdebna: I live with my daughter, my husband is not living. My pay is not bad; without a "full-term" pension and other fringe benefits, I make over 6,000 zlotys. My daughter receives a pension in her father's name amounting to 1,600 zlotys. I made very general calculations...it will not be easy, but we will have to get used to it.

It is impossible to make an overall precise calculation, since there is still much we do not know. Above all we don't know the price of manufactured goods. I am afraid, for example, that now the laundries will not want to repeat what they did several months ago, making prices realistic, when they switched to new management principles.

Alicja Parchacz: I work, my husband works and my son-in-law works. Only my daughter--she is on an unpaid leave--and my granddaughter Karolina do not work. So there are three people bringing money home.

"Ration-card" compensation seems to be the right solution. I agree with price increases; they are necessary. What worries me are the new price ratios, which resemble the old ratios. I am afraid that it will still be profitable to feed bread to animals.

Stanislawa Szymanska: "Ration-card" compensation is the most just of the proposals made thus far. It is also good that higher norms than those currently compulsory have been adopted as the basis of compensation.

But the question arises: When will we be able to implement these higher norms?

Natalia Lebowicz: My husband receives a pension, over 5,000 zlotys, and I make about 4,000 zlotys. We have enough. We help our children. My daughter works; my son-in-law receives a small pension. They have one child. I know how to sew. This relieves the household budget greatly.

I am aware that now we will have to help our children more but such is the role and the...lot of parents. In general I would say that we will manage but things will be much harder. These first days and weeks are the worst until everything comes together.

Jerzy Ilcewicz: The proposed compensation is decidedly simpler and more comprehensible than the systems previously used.

But it is difficult to form an unequivocal opinion. Life will be the best test of the current proposals; a month or two of practice will prompt changes and improvements.

Jacek Aniolkowski: People understand that higher prices are necessary, but it should be emphasized that the consumer expects to receive a better quality product for this higher price. He also expects services to be executed dependably and on time. An important issue given the higher prices is that substitute articles--which are cheaper, of course--should likewise be found on the market.

Not everything can increase in price identically. I cannot understand by what principle a kilogram of apples costs 70 to 80 zlotys. How much will they cost in the spring? The upper ceiling of food prices that are not established by the state but by suppliers (free, contractual prices) should have already been determined.

[Question] These are our fears as consumers. But we are also producers. Let us take a look at these dangers accompanying both implemented and intended price operations through the prism of our own plants and production.

Teresa Izdebska: We do not produce market products. Consequently, we will not have a direct effect on the formation of the mentioned price ratios. But this does not mean that we are not involved in the issue or that we can live in peace. I would even say that we find ourselves in a more difficult situation than market producers, who will be, as I understand, under the strict control of price review.

Let us assume that for computer equipment that we are selling for 1.5 million zlotys we will have to ask 6 million zlotys. This price would guarantee a corresponding increase in wages and benefits. But who will be willing to pay so much? Accounting will switch to the abacus. This is all the more the case since the general lack of development of information science does not stimulate the installation of computers.

And hence our, unfortunately, only too real fears: If we are not able to limit cost increases, no one will buy computers from us. Then what will the work force do? Many people are already looking into other work.

J. Aniolkowski: Coproduction escalates costs. The quality of deliveries, above all, engenders reservations. Quality must improve as prices increase. We cannot pay for defects and then compensate in the purchase price. The bungler should be the one to pay.

It is our industry's misfortune that it is based in large part on foreign raw materials. While it is not possible to substitute some of these with domestic raw materials, in most cases this is possible.

N. Lebowicz: Overcoats, suits and coats must increase in price but only as much as necessary. We do not want to rake in unjust profits.

The price of some materials is greatly increasing. This increase is documented and well founded. However, there are certain possibilities for limiting cost and price increases. For example, I cannot understand why Polish industry is not in a position to ensure deliveries of tailor's needles. For us, needles represent a not trifling foreign-exchange "investment" included in production costs.

A. Parchacz: Exactly, everyone speaks only of price increases due to cost increase but hardly anyone considers how to hold back this increase and no one broaches the subject of price reductions anymore.

For example, many cosmetic products--and I am not speaking of luxuries, but of shampoos--for which too high new-item prices were set in the past few years, should become cheaper now, even taking into account new energy and raw materials prices. Such a price cut, though small, would lend public credibility to the price operations being carried out. This is all the more necessary, since many chemical products must actually become considerably more expensive.

S. Szymanska: I will be brief. It is indispensable that the upper ceiling of so-called free prices be established, both for manufactured goods and for food and services.

[Question] While you all have closed your remarks and opinions with concrete recommendations, as our discussion concludes each of you has the opportunity of stating one recommendation.

J. Ilcewicz: Compensation is necessary today but it is only a stopgap measure. Let us remember this. What is necessary, on the other hand, is a just wage system that would guarantee adherence to the basic principle: As you work, so you are paid.

T. Izdebna: Children's compensation should be differentiated according to the child's age. It is not the same thing to feed and clothe a small child or a high schooler.

J. Aniolkowski: The question came up today whether we ought to institute a devaluation of currency in order to restore market equilibrium. I do not have money but I am against devaluation.

S. Szymanska: The monetary flow into the market must be limited. People should be given still more incentive through higher interest to save and invest their cash in the PKO [General Savings Bank].

A. Parchacz: For young people starting out on their own, their first completely independent steps must be eased as much as possible during this difficult period.

Editorial note: These are fragments of a longer discussion selected from notes and a transcription of a tape recording. I consider the opinions and recommendations concerning production costs to be of special interest. We are not always aware of the fact that higher costs are our "contribution." We consumers, who express ourselves so critically on costs and prices, are likewise producers of the products that are becoming more and more expensive.

[23-24 Jan 82 pp 1, 6]

[Text] (TRYBUNA LUDU service) It was the second meeting of the TRYBUNA LUDU Discussion Club at Stalowa Wola. At the first meeting, held at the beginning of December, we deliberated on the tasks of our newspaper. This time, the 21 January meeting at which Wojciech Pruss, vice president of the State Price Commission [PKC] participated, we spoke of prices and compensation.

The special topicality of the subject brought 150 people into the departmental club room of the plant's drawing mill. Most of them had familiarized themselves earlier with the PKC brochure and with the recent proposals of the Council of Ministers Economic Committee. They recalculated, they counted and they applied the changes to their family budgets. Remarks, proposals and opinions grew from these considerations. This is what we discussed for 3 hours at the club meeting.

"We have more or less managed to adjust to the proposals of new prices for food, fuel and power," said Wieslaw Dlugosz from the technical department. "But the scope of price increases for industrial articles and services remains unknown. As with all unknowns, this engenders fear. A person simply cannot learn how much something will cost and so he cannot figure out how he will live." This motif ran through many other statements.

Vice president Wojciech Pruss explained that according to projections the price of industrial articles and services will increase from 60 to 100 percent. A close watch must be kept on how they shape up in reality. We will react against all attempts at excessive price escalation that is not economically valid. This is the first thing. Second, the scale of cost-of-living increases must be set very precisely. This is indispensable for determining the extent of future compensation.

I write down the remark in my notebook: After the introduction of new prices for food, heating fuel and power, we necessarily must be informed of changes in living costs due to a general price increase. In order for the compensation announced at midyear to be sufficient for the entire period, familiarity with the current new prices is indispensable. This was not the only suggestion submitted by our readers from Stalowa Wola.

A second need just as essential is that of helping young couples who are starting out. Jerzy Augustyn, ZSMP [Union of Polish Socialist Youth] chairman, spoke of this at the meeting. And he was not the only one. This issue requires genuine consideration together with young people.

The third topic is connected closely with calculating compensation for food, heating fuel and power. The question was asked: Should there not be excluded from the basis of calculation such elements as export premiums, allowances for work under dangerous conditions, specialized allowances for engineers and technical consultation? It has been demonstrated that this is changeable income. We promised to submit all of these remarks and proposals to the staff in charge of the price reform and compensation. Our readers from Stalowa Wola have bound us to this.

It was a sober and concrete discussion. General questions intermingled with detailed problems. Nor were attempts to revise the estimate of food costs lacking. This is not surprising, since many peasant-workers are employed at the plant. Our guest, Vice President Sojciech Pruss, busily noted these remarks. We succeeded in expressing many of our doubts and in amassing many problems that must be solved. Such an exchange of views is the reason for the existence of the TRYBUNA LUDU discussion clubs.

[25 Jan 82 p 7]

[Text] (TRYBUNA LUDU service) I asked four questions in the name of TRYBUNA LUDU readers at a press conference devoted to prices and compensation, organized on Saturday, 23 January 1982 by a government press spokesman. Representatives of several ministries and central institutions took part in the conference.

[Question] Is it possible to protect oneself against excessive, uncontrolled price increases for manufactured goods and services? If so, how?

[Answer] In answer to this question, Antoni Gryniewicz, vice president of the State Price Commission [PKC] stated:

We are conducting the systematic observation and inspection of prices. On the basis of this, we are uncovering not infrequent cases of overstated profit and material consumption costs, attempts to encumber prices with the consequences of waste, the incomplete utilization of production capacities and even losses incurred in foreign trade. The application of excessively high profit margins in trade has likewise been noted.

PKC inspectors revealed such irregularities as these:

--A certain cooperative in Silesia wanted 51 zlotys per diaper (the former price was 19 zlotys). After making calculations, the PKC ordered the price cut to 38 zlotys.

--Orthopedic shoes with felt uppers that sold for 1,900 zlotys, in the opinion of the manufacturer should now cost 7,300 zlotys. On the other hand, PKC calculations put them at not more than 5,100 zlotys.

--The Myszkowska Enamelware Factory planned to raise the price of the popular "Frania" washer from 1,550 zlotys to 6,900 zlotys. The PKC priced it at 5,100 zlotys (a large increase, but the price had not been corrected for years).

--The inspectors questioned the proposed price for a radio-tape recorder manufactured by the Kasprzak Radio Plants. Formerly priced at 7,800 zlotys, the proposed price, which was rejected by the PKC, was 23,200 zlotys.

Thus far, shocking, excessive increases have been discovered not only in light industry and chemical plants. Vice President A. Gryniewicz assured that all prices will be continually checked.

#### Trade by the Customer's Spokesman

Next, the director general of MHWIU [Ministry of Domestic Trade and Services], Jan Dygdon, spoke of the intentions of trade on this matter. He assured those present that light industrial products will be sold during the first period at prices increased only by the increase in the price of raw materials and by the amount of taxes paid by the enterprise, but according to the old trade profit margins. Prices for goods produced by the machine industry initially will be negotiated centrally, not separately with each enterprise.

The obligation has been imposed upon trade enterprises to refuse goods priced at publicly unacceptable prices (they may take them conditionally on commission).

[Question] What sort of help can a young couple just starting out count on?

[Answer] The question was answered by Zdzislaw Pakula, vice president of the Polish National Bank. He informed those present that within the next few days a decision was expected concerning a considerable increase in the amount of credit available to young couples. The possibility is also being considered of increasing credit for those families who made agreements before 13 December 1981 and did not make full use of the available credit. Vice President Z. Pakula likewise announced a considerable increase in assistance from plant funds for young couples.

[Question] On wage basis for calculating compensation, many of our readers point out the necessity of excluding from the basis for calculating compensation such temporary remuneration components as export premiums, specialized allowances for engineers and allowances for technical consultation.

[Answer] Director J. Sreter from the Ministry of Labor, Wages and Social Affairs, said: Most wages are of a more or less unenduring nature, but together they make up the employee's income. For this reason, the basis of calculations for compensation is remuneration calculated in the same way as vacation pay--excluding overtime pay, pay for work on legally free days and period-of-service allowances.

[Question] Is there additional compensation for people entitled to higher ration-card norms due to the state of health?

Jerzy Urban, government press spokesman said: The possibility of awarding higher compensation for diabetic children is being considered. The possibility of increasing aid to families raising handicapped children is likewise being explored.

[Editorial comment] In answer to a reporter's question, Director J. Sreter informed those present that work is being conducted to prepare principles of temporary compensation to compensate for the increase in general living costs. At the outset it is envisaged that the so-called minimal market basket (an array of goods and commodities taking into consideration the given social minimum) will be compensated. Pensions, annuities and family benefits should be compensated. Wage compensation will probably be linked with a general increase in salaries arising from the principles of the operation of economic reform. The issue will be submitted for public discussion.

[25 Jan 82 p 7]

[Text] [Question] What wage period will be the basis for calculating compensation?

[Answer] Stanislaw Markowski stated: Even if wages increase in 1982, compensation ~~will~~ be calculated on the basis of earnings for the fourth quarter of 1981.

[Question] Will wages and compensation always be paid separately? (asked by Andrezej Zmijewski)

[Answer] For the time being, yes, but we aim to put compensation into earnings, where it is justified.

[Question] Will economic reform not suffer from the state regulation of certain prices? (asked by Ryszard Boratyn)

[Answer] Regulation is necessary for societal reasons. Some producers, aiming at profit maximization, could raise prices excessively. The state is trying to influence prices to some extent in countries with a free-market economy as well.

[Question] My granddaughter receives a family pension in her father's name. Will her compensation depend upon the amount of this pension or will she also receive 1,000 zlotys like any child in the care of his family? (asked by Zygmunt Kedzierski)

[Answer] Since you, as the grandfather, do not receive a family benefit for your granddaughter at your plant, logically speaking her compensation should be determined on the basis of the amount of the pension that she receives because her father is deceased. This is all the more so since the compensation calculated in this way is greater and amounts, as you say, to 1,450 zlotys.

[Question] A worker supporting his wife and three children on a salary of 8,400 zlotys believes that the amount of compensation for the children should be differentiated according to the age of each child.

[Answer] Such a proposal was advanced in the PKC brochure. A criticism of this system, however, is that it is too complex. In the new system, principles that are relatively uniform by comparison have been adopted.

[Question] Am I to pay more for heating and hot water when SPEC [Warsaw Power and Heating Enterprise?] and the administration are not fulfilling their obligations, when my apartment is cold and there is no hot water?

[Answer] If you must pay more, you have an even greater right to demand that this service be on a suitable level. This is understood. The problem of the quality of goods and services for which we will pay more is crucial. Production enterprises and service enterprises cannot fail to notice this problem.

Many people also voiced their demands and proposals. Anna Blaszczyk proposed that the 200-zloty allowance to which pensioners are entitled likewise be awarded to persons living alone. Marian Zakrzewski, who collects a pension and an annuity as a former camp inmate, believes that these two incomes should not be added together because the compensation would then be lower.

Krystyna Talalaj, who is no longer entitled to credit available to young couples and has received a new apartment after many years of waiting, is wondering whether it is possible somehow to help this group of people to purchase indispensable appliances--e.g., refrigerators--the price of which has jumped three-fold.

8536  
CSO: 2600/250

PRICE COMMISSION MEMBER DISCUSSES INCREASES FOR CONSUMER GOODS

Warsaw ZYCIE WARSZAWY in Polish 29 Jan 82 pp 1, 2

[Interview with Wojciech Pruss, vice-chairman of the State Price Commission: "On the Road to Market Stability," by Jacek Majkowski]

[Text] [Question] Increases in food prices are supposed to bring the market back into balance. It appears, however, that this will not work for a while--with limited supply, ration cards remain in effect. For the time being, costs are not related to prices, either. Government subsidies for many goods are maintained, limiting the extent of cost-effectiveness. Increasingly louder are the claims that inflationary gap (not to mention inflationary carryover) will somewhat increase, rather than decreasing, despite a planned raise. What then is that food price increase expected to achieve?

[Answer] It takes us a step closer to equilibrium and rationality. To achieve them, the inflationary gap must be closed. Someone could say: Since last year wages went up 25 percent and prices increased approximately as much, everything is in perfect order and there is equilibrium. Well, the fact is things are not in order because national income decreased by 15 percent indicating that the wage level is too high.

[Question] Some experts say that, if the food price increase fails to affect that gap, our only hope is that this will be achieved by an increase in prices for manufactured goods.

[Answer] A price increase will certainly cause a drop in real wages. It should not be concealed, however, that already at this time national consumption is at the 1978 levels whether the prices are raised or not. Simply put, you may have money but you cannot buy anything with it. One thing to reflect on is whether prices for manufactured goods have to rise. They do, because what is termed producer prices have gone up, affecting raw materials supplied to industries.

[Question] Why then did we raise producer prices if they are provoking such an uncontrolled response?

[Answer] We had to start somewhere. We matched our producer prices with wage-based prices and prices obtained in foreign markets. In this manner, we interrelated costs and prices domestically and enabled ourselves to compare them with those of other countries.

[Question] By how much will prices for manufactured goods increase?

[Answer] At this time, nobody knows precisely. Producer prices have increased 75 percent on the average, but this is in no way conclusive. First, any product is composed of many raw materials, variously priced, e.g., power and heating fuel have gone up 400 percent, components for electromachinery industry, lumber industry, and paper industry rose 150-180 percent, wool went up 40 percent and hides 60 percent. Second, product costs and prices depend on producers' individual production capacities, technological levels, production engineering techniques, labor productivity and other factors.

[Question] When, and in what way, will the increase in prices for manufactured goods be reflected in wages?

[Answer] In my opinion, wages in the production sector should not be centrally regulated at all. From the viewpoint of economic reform, after all, enterprises should earn enough on their own to cover their employees' wages. The government in its turn will regulate wages in the nonproduction sector, annuities, pensions and other benefits. The first approximation to this system will probably follow after the first six months of 1982. Some consideration could also be given to possible compensation for increases in industrial prices. In this case, a similar principle would be applied as in food prices: the poor at persons should be first to receive compensation for no other goods than those directly affecting their standard of living--sanitary articles, clothing, children's items and such. Nowhere in the world are people given full compensation for rising costs of living.

[Question] These days the easiest way for an enterprise to make a profit is by escalating its product prices.

[Answer] First of all, we need not rush to condemn every price increase. A price increase is acceptable if it is dictated by legitimate higher costs or by demonstrable improvement in quality. The main danger for consumers are dishonest manufacturers who unfairly calculate their costs. It is debatable who ought to put them out of commission: is it the market or some state organ? In keeping with the essence of the economic reform, this should be done by the market. In other words, consumers should ignore the goods with 'exaggerated' prices, forcing producers either to reduce them or go bankrupt. However, the market is so badly out of whack that enterprises are able to escalate prices arbitrarily, which enrages the average shopper. Hence, some opinions reaching us increasingly demand strong centralized price control over prices set by enterprises.

[Question] Such control is apparently at conflict with the freedom enterprises were given by the reform, is it not?

[Answer] It is at conflict but this is necessary, especially in this stage when we begin to face major raises. Unfortunately, that freedom of enterprises will have to be temporarily restricted.

[Question] How long can this continue?

[Answer] Until the market reaches stability--a year or two, it is unlikely to take more time.

[Question] What is your mechanism for monitoring prices?

[Answer] On its own, the PKC [State Price Commission] would not accomplish much in this area, especially with virtually simultaneous fluctuations in prices. We have 200 persons at our disposal. Along with our agency, such monitoring has been imposed as an obligation on the entire economic administration in sector-specific ministries and in the Ministry of Finance. Moreover, we are preparing a draft resolution on the appointment of a State Price Inspection unit which would take action in cases of distinctly unjustified price escalation. Such cases would be detected by a kind of "price police." As a category, free prices exist in Hungary as well, and a government resolution on "illegitimate profit" is in force there, too. It specifies many cases in which a price is excessive.

[Question] How many cases of dishonest calculation have you identified until now?

[Answer] Several dozen. We have examined prices for some 50 to 70 products, of which ten were found questionable.

[Question] What sanctions will be meted out to those enterprises?

[Answer] A price reduction will be exacted from them.

[Question] It is being said that mutually agreed prices are to arise by way of negotiation between commercial agents and producers. What kind of talks are those, however, in which one participant--producers--has a monopolistic position?

[Answer] Indeed, producers have the upper hand in such talks these days because there are no goods on the market. Any producer is, in principle, a monopolist. Under these conditions, the only defense is for the entire commercial establishment to assume the role of a monopolist in negotiating with the producers who choose to be monopolistic. On the other hand, soon there will be increasing amounts of goods, and the monopoly of a majority of producers as exclusive suppliers will be broken. Only the real monopolists will remain (washers, refrigerators and automobiles), for whom the reform at its inception already provided for governmental intercession based on the price law, should they attempt to manipulate prices. In such cases, the PKC should be empowered to institute regulated prices.

8795  
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POLAND

COMPARISON OF MARKET, BLACK MARKET PRICES PUBLISHED

Warsaw ZYCIE GOSPODARCZE in Polish No 2, 31 Jan 82 p 4

[Article by Ch. M.]

[Text] The problems indicated in our reports on market prices for food (see ZYCIE GOSPODARCZE No 42, 18 October 1981) became still more severe during the fourth quarter of 1981. One indication of this is in the results of price quotations noted by GUS [Central Office of Statistics] at markets in approximately 350 cities.

Market Prices of Several Food Items in Zlotys

| Item           | Live chicken<br>(2.0-2.5 kg)<br>per chicken | Live duck<br>(1.75-2.25 kg)<br>per duck | Live goose<br>(3-4 kg)<br>per goose | Sour cream<br>per liter | Butter per kg | Cottage cheese<br>per kg | Chicken eggs<br>fresh, per egg | Potatoes<br>per kg | Peas | Beans | Onions | Apples |
|----------------|---|---|-------------------------------------|-------------------------|---------------|--------------------------|--------------------------------|--------------------|------|-------|--------|--------|
| 1979           | 104   | 124                                     | 242                                 | 42                      | 88            | 33                       | 4                              | 4                  | 37   | 60    | 15     | 13     |
| 1980 (Jan-Dec) | 110   | 136                                     | 286                                 | 48                      | 97            | 37                       | 4                              | 6                  | 41   | 61    | 21     | 17     |
| (Oct)          | 111   | 138                                     | 280                                 | 51                      | 105           | 38                       | 4                              | 6                  | 39   | 59    | 18     | 16     |
| (Nov)          | 116   | -                                       | -                                   | 51                      | 105           | 39                       | 5                              | 7                  | 41   | 64    | 20     | 17     |
| 1980 (Sept)    | 242   | 297                                     | -                                   | 118                     | 380           | 77                       | 9                              | 7                  | 53   | 77    | 22     | 30     |
| (Oct)          | 258   | 323                                     | 650                                 | 122                     | 390           | 84                       | 11                             | 7                  | 65   | 94    | 24     | 28     |
| (Nov)          | 274   | 347                                     | 733                                 | 125                     | 391           | 88                       | 13                             | 8                  | 78   | 115   | 28     | 29     |
| (Dec)          | 318   | 411                                     | 868                                 | 137                     | 440           | 97                       | 16                             | 10                 | 89   | 140   | 29     | 39     |

Table prepared on the basis of Statistical Bulletin No 1/1981 and (data for October and November 1981) materials from the Division of Prices, Department of Living Conditions, GUS.

As the table shows, a live chicken weighing 2 to 2.5 kg costs over 5 times more on the market in November, and nearly 6 times more in December than the compulsory price (54 zlotys--using ration-cards) in cooperative trade for 1 kg of class one dressed chicken.

Live duck (1.75 to 2.25 kg) in November cost more than 4.5 times, and in December 5.5 times the [read "ration-card price"] price (75 zlotys) of 1 kg of dressed duck (class one) in cooperative trade.

In November, live goose (3 to 4 kg) cost over 9 times more than the [ration card] price (80 zlotys) for 1 kg of dressed goose in cooperative trade; the December price was nearly 11 times more expensive. Sour cream in November was more than 5.5 times more expensive, and in December over 6 times more expensive. Butter in November was 5.75 times more expensive, and in December 6.5 times more expensive. Cheese was 3.5 times dearer in November, over 4 times dearer in December. In November, eggs were nearly 2.5 times more expensive; in December, nearly 3 times more expensive. Peas in November were 3 times dearer; in December they were 3.5 times dearer. Beans in November were 2.5 times dearer; in December they were more than 3 times dearer. Onions in November and December were more expensive by 20 percent. Apples in November were 10 percent dearer; in December they were 25 percent dearer.

The black market share of the food trade and likewise of many non-food articles also increased considerably. We have at our disposal rudimentary quotations of black market food prices collected by State Price Commission [PKC] inspectors. Given the relatively meager knowledge of this market, these are to be considered an unquestionable contribution of the institution. Although they are quotations from October and November 1981, it is worthwhile citing several of them.

Pork (bone-in) in October 1981 was sold on the black market (depending on the voivodship) at a price which was from 2.5 times to 5 times higher than the so-called retail list price (non-commercial) in cooperative trade. Beef (bone-in) sold at prices that were 230 percent to 530 percent higher than cooperative trade prices. Veal was 3 to 7 times dearer. In November, pork was already being sold at a price that was 380 percent to 980 percent higher; beef was 500 percent to 1,170 percent higher, and veal was from 570 percent to 1,670 percent higher (in Wroclaw its price rose to 500 zlotys per kg). Black market prices were also many times higher than commercial prices, which in turn were higher than list prices in the case of pork by 61 percent, beef by 97 percent and veal by 140 percent.

In October, cakes of butter were sold at 200 to 300 zlotys per kg, or 4 to 6 times higher. In November, the maximum black market price of butter rose to 600 zlotys per kg in Czestochowa.

In October, the average price for sugar was 9 times higher (in Lodz it was 19 times higher--unbelievably so--it was 200 zlotys per kg). In November, in most voivodships sugar was being sold on the black market at 100 zlotys per kg. In Wroclaw and Zielona Gora the price went up to 120 zlotys.

In October, coffee was being sold at an average price that was 3 times higher (in some voivodships, 4 times higher). In November, it was being sold in Krakow and Lublin at a price 5 times higher, and in Czestochowa it was nearly 5 times more expensive (4,000 zlotys per kg).

Vodka was sold in October at an average price that was 2.5 times higher (in some voivodships, including Warsaw, the price was up to 5 times higher, probably depending on the brand and the time of day); the average price of wine was 3 times higher (and, as in the case of vodka, maximally 5 times higher); the average price of beer was nearly 4 times higher, and maximally over 7 times higher. In November, the price of vodka considerably increased in practically all voivodships: thus, the cheapest price for vodka was 600 zlotys per 1/2 liter of pure vodka, while in most voivodships, this price reached 1,000 zlotys, and 1,200 zlotys in the Katowice, Bydgoszcz and Czestochowa voivodships. The black market price of 1 liter of flavored vodka in November reached 1,800 zlotys in the Katowice voivodship. Domestic fruit wine was being sold at a price that was from 2.5 times to more than 10 times dearer. Beer was from 5 times to 12 times more expensive.

The average price of cigarettes was more than 3 times higher in October, and, maximally, 7 times higher. In November, black market prices for cigarettes rose over October's prices and were maximally 7 times higher (in Czestochowa) for popular brands.

Laundry detergent sold on the black market at a price that was 4 times higher in October and, maximally, 7 times higher. In November the price (In Gdansk) was 10 times higher.

Toothpaste in October sold at an average price that was 8 times higher and, maximally, 20 times higher; in November, particularly higher prices (up to 500 zlotys) were recorded for foreign brands. Toilet soap in October averaged over 4 times higher, maximally, 6 times higher; in November in Katowice, the price of soap reached a level 20 times higher. Shampoo in October and November sold at an average price that was more than 3 times higher and, maximally, 5 times higher.

In November, tea selling at a price that was 9 to 10 times higher than the retail price in cooperative trade also appeared on the black market, as well as rice (in Wroclaw) at 80 zlotys.

Nor were the black market prices for non-food items lower than those for food. Women's tights were being sold on the black market in October at an average price that was 3 times dearer (maximally, 5.5 times dearer). In November, the black market price for tights declined only insignificantly to a level approximately 2.5 times higher than list prices. The maximum price reached was 3.5 times higher. Children's tights were being sold at a price that was from 2 to 5 times dearer.

Payments for yielding one's place in line to buy furniture, televisions, washing machines, refrigerators, radio receivers, sofas and bicycles were also recorded. In the case of some furniture suites costing, e.g., 35,000 zlotys, they reached up to 25,000 zlotys; in the case of televisions costing 20,500 zlotys--13,000 zlotys; for washing machines costing 10,500 zlotys--8,000 zlotys; for radio receivers costing 20,000 zlotys--20,000 zlotys; for sofas costing 15,000 zlotys--20,000 zlotys; and for bicycles costing 2,500 zlotys--1,400 zlotys. Of course, these places in line were likewise being sold much more cheaply, but with less certainty of acquiring the desired item. And so, places in line for furniture were being sold at 1,500 to 5,000 zlotys; for televisions, at 1,500 to 3,000 zlotys; for automatic washers, at 1,500 to 3,000 zlotys; for refrigerators and freezers, at 3,000 zlotys; for radio receivers, at 500 zlotys; for bicycles, at 500 to 1,000 zlotys; and for sofas, at 500 to 1,000 zlotys. In some voivodships, places

in line for durable goods are figured accordingly to a daily rate of 500 zlotys.

Still greater price differences have been recorded in the case of the so-called secondary sale of some durable goods. And so: a "Lodz" bookshelf was being sold at 40,000 to 50,000 zlotys (in cooperative trade the cost was 10,000 to 14,500 zlotys); washers went for 22,000 zlotys instead of 16,000 zlotys; freezers costing 14,500 zlotys in cooperative trade were being sold for 40,000 zlotys; "Rubin" televisions went for 52,000 to 55,000 zlotys, and in one case for 100,000 zlotys (instead of 22,000 zlotys); motorbikes were being sold for 30,000 to 35,000 zlotys (instead of 8,200) zlotys); bicycles were being sold at 10,000 zlotys (1,800 zlotys); for skins—23,000 zlotys (18,000 zlotys); sofas went for 26,000 zlotys to 40,000 zlotys instead of 4,000 to 12,000 zlotys.

There was likewise recorded the black market sale (in Zielona Gora) of fabric (domestic velveteen) at 1,200 to 2,000 zlotys per meter (the price in cooperative trade was 150 zlotys per meter), and the sale of watches at 3,000 zlotys instead of 1,300 zlotys.

In the second part of December, the sudden flight of the black market from bazaars and other public places was readily to be seen. The availability of scarce items, however, did not increase as a result. Despite the empty stores, the articles for which lines formed often began to include footwear, clothing, shirts, bed linens and the like. It is true that deliveries of imported consumer goods were stepped up in December, and this sporadically filled the shelves of stores. At the end of the year, the price of eggs reached a record high of 25 to 30 zlotys per egg at Warsaw bazaars. By the end of the first 10 days in January the price declined slightly, to 20 zlotys (at the bazaar on Polna, 9 January 1982, at 7:30 a.m.), probably due to the import of a certain amount of eggs from the GDR. Sour cream was then being sold at 180 zlotys per kg, and cheese was being sold at 160 zlotys per kg.\*

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\* Studies done by the GUS Department of Living Conditions were utilized here.

8536  
CSO: 2600/288

EFFECT OF MARTIAL LAW ON ECONOMY ANALYZED

Warsaw ZYCIE WARSZAWY in Polish 18 Jan 82 p 3

[Article by Henryk Chadzynski: "How Many Constraints, How Many Cutbacks"]

[Text] Rarely has any document stirred as much controversy as "The Principles for the Activity of State Enterprises in 1982," adopted by the Council of Ministers barely 2 weeks before the introduction of martial law. During those 2 weeks, many of the defenders of those principles became their opponents under the new circumstances, criticizing the new mechanism and new rules of the game from an opposition standpoint rather than criticizing Solidarity. Some did this in order to use exclusively time-tested methods of "playing it by ear," whereas others found themselves in a quandary after the introduction of martial law. One can hardly be surprised about all those for whom the reform was a threat. However, the quandary of the group of specialists in the field of planning and management who suddenly changed from precursors of profound changes to advocates of a return to status quo, looks a bit strange.

Since martial law has been in effect, it is their opinion that everything must be changed, that the introduction of the new principles must be postponed and, therefore, that the command control of the economy, which is actually for a war economy, must be put into use. However, somehow they quickly forgot that this very command-distribution system was one of the main causes of the crisis in the economic arena and that the reform was recognized as the basic lever for making it possible to get out of the crisis and its intensifying chaos. In addition, the introduction of martial law did not mean, in any event, that the situation had changed with the touch of a magic wand. Neither have the basic problems of the economy vanished, nor is it necessary to shift over, as during war, to fighting against an external foe. There were different motives for the introduction of martial law. Martial law does not mean a war economy with its own watchword of attaining goals at all costs.

There Is No Returning to Errors

Now thought has been given to the fact that under the new conditions the economy must continue to attain the priority socioeconomic tasks spelled out previously in operational programs, since it is necessary to reverse the inherited tendencies in production and export, irrespective of the political structure, and since an important condition for achieving these goals has turned out to be a more efficient utilization of available production factors in the face of increasing

shortages. It has become clear that these goals cannot be achieved with the use of the compromised methods that cramp initiative and weaken management efficiency.

Thus, in General Jaruzelski's first speech, which is already history, the statement is found that just as there is no turning away from socialism, there is also no return to the erroneous methods and practices prior to August 1980 and that all the reforms enacted, including economic reform, shall be continued. Two weeks later, the Council of Ministers adopted a resolution concerning the functioning of the economy during martial law. It stated that as of January, as planned previously, the new economic mechanism will be introduced and at the same time all restrictions due to martial law will be defined. Under these conditions, it is not possible to introduce all elements of the economic reform, which had been prepared earlier and have as their foundation the principles of independence of the enterprises, self-government of the work forces and self-financing of economic units. The principle of self-government was suspended during martial law. Consideration was given as to whether limited authorization for self-government be kept. However, the memories of the experience of the former KSRs (Self-Government Conferences) remain vivid. Therefore, it was decided fittingly not to disavow the role of the personnel of self-financed economic units envisioned by the constitution and not to compromise the idea, which can be realized fully after martial law. In the same way, the authorizations of constitutional enterprises for independent operation, which are partly restricted, especially in areas encompassed by militarization, will be restored. However, the enterprises are not receiving directives but are defining their own tasks.

#### Predictions and Reality

It has been determined that the principle of self-financing and the accompanying economic mechanisms shall be introduced universally. Somehow the work on economic reform is proceeding along two paths. Work is continuing on the drafts of [article] 8 of the constitution, which are being compiled on the basic documents essential for economic reform. The work has not been interrupted in the Sejm commissions. The first reading of the drafts of these documents has taken place. Specially convened subgroups are engaged in getting them into final shape.

If the legislative work connected with the shape of the coming reform is an expression of good intentions for the future, when, together with the abolition of martial law, conditions will arise for a new economic model, then the current decisions are the best interpretation as to whether these intentions will find confirmation in today's reality. From this standpoint, therefore, it is of primary importance to have a confirmation of the basic rules of the game, originally intended to be effective in January 1982, before the advent of martial law. In addition to the question of worker self-government and the responsibility of one-man leadership, which has increased under martial law, of paramount importance is the expansion to 14 of the number of operational programs to assure the realization of the basic social goals. Plenipotentiaries and ministers have been called to control these programs. However, the decree states that they are supposed to consider the initiative of enterprises, their

technical-organizational conditions and organizational effectiveness. Then after exhausting the possible influence of economic instruments, the time will come to use command.

Practical experience will show the total number of constraints and cutbacks that we will have. In actuality there should be a conflict in theory between the requirements of military law, and the discipline, hierarchical subordination of individuals, and the uncompromising execution of orders issued by the top brass inherent in the military, and the requirements of economic mechanisms that assume a flexibility of action, independent initiative and management through cost-accounting principles. However, in our country the nature of the martial law is quite different, and its goals are different too. Under our very untypical realities, martial law, in spite of how it looks, becomes an opportunity for clearing the site for thorough reform, a chance to usher in economic mechanisms, so that afterward it would be possible to achieve more rapidly the normal tempo of economic processes. Here, I am thinking not only of irrevocable discipline, increasing production of necessary raw materials and a stop to anarchistic tendencies but, above all, those principles of economic activity that can now create the pathway to normality, and therefore to an economy regulated by economic laws.

#### Determination in Spite of Threats

One must consider that we had the characteristic elements of a war economy and therefore regulations from fuels, raw materials and energy for enterprises to the ration card allocations of meat, sugar and laundry detergent for several months before martial law. We observed the expansion of phenomena typical for wartime economy but without its inherent discipline and the necessary availability of the ever-shrinking supply of producer goods. Professor Wladyslaw Baka, the main director of the reform, even spoke about the peculiar paradox of our history, the kind of situation in which we first must pass through a disciplining period of martial law in order to achieve a self-governing and independent enterprise. Martial law would be shortest if it were possible to develop worker self-government as an important component of the overall program of reform and renewal.

However, do various types of barriers and limitations to the effective working of economic mechanisms, which the government wants to introduce, exist? There are many of them; they stem from our poverty, from the realities of the crisis and from the pressures and shortages caused recently by the economic sanctions of Western countries and also from the incompetence and habits of a part of the people of the apparatus and their inclination to use command methods. At least, this turned up during the first tests called by the bureaus of plenipotentiaries of the ministers for matters of specific economic sectors. The bureaus of these plenipotentiaries, in connection with the decision for abolishing unions and suspension of the formation of unions, are to become a kind of substitute for them. At first impulse, tendencies arose toward rescuing the apparatus of unions in a new form. However, Ministers Wladyslaw Baka and Marian Krzak stood athwart these aspirations of certain branch ministers. The former is engaged with organizational structures and also the functions of new elements, whereas the latter

defines the means. The bureaus of plenipotentiaries are budgetary units; as you know, the state moneybag is empty. When it turned out that new units could be put into action, but within the framework of the ministry budget, immediately the appetites for proliferation of new elements decreased drastically.

However, it is necessary to be aware of the existence of threats. Without the determination to overcome them, we shall not extricate ourselves from the crisis. We will not be able to make use in an ever-increasingly correct way of those principles that create a qualitatively new situation for the enterprises, when the criterion for evaluating activity will not be the execution of directives but correctness and efficiency measured by profit. However, we shall handle this subject separately.

5808  
CSO: 2600/231

OFFICIALS RESPOND TO QUESTIONS ON PRICES, COMPENSATION

Warsaw ZYCIE WARSZAWY in Polish 21 Jan 82 pp 1, 3

[Interview with Jerzy Chabros, director of the Economic Department of the State Committee on Prices [PKC]; Zenon Sierpinski, counselor to the PKC chairman; and Jerzy Sreter, director of the Economic Department of the Ministry of Labor, Wages and Social Policy: "Prices--Compensation: Why, How, How Much, When?"; 19 January 1982, Warsaw]

[Text] Today we are presenting in part the answers given to phone-in questions from our readers on Tuesday, 19 January. Jerzy Chabros, director of the Economic Department of the State Committee on Prices [PKC]; Zenon Sierpinski, counselor to the PKC chairman; and Jerzy Sreter, director of the Economic Department of the Ministry of Labor, Wages and Social Policy, responded to the questions.

A new question has appeared in the title of this report: when? This is a consequence of the announcement of new draft increases by the Economic Committee of the Council of Ministers on the day our guests conversed with the readers. This draft not only defines the conditions of increases more precisely but also sets a time frame for the price operation. Very little time remains until February. We will return to the issue of prices.

[Question] Will the [price] increases be introduced February 1?

[Answer] All signs point to this date. The later it happens, the worse. The Council of Ministers has not yet passed the decision; thus, I am not in a position to be definitive about February 1. However, it is 99 percent probable on that date.

[Question] Does the announcement of new draft increases by the Economic Committee of the Council of Ministers mean the end of the discussion?

[Answer] It should be understood that concentrating public attention on the new draft is being called for on the basis of materials assembled so far. This does not mean the end of the discussion. The deadline for the discussion has not

been set. However, this date is predetermined by the technical restrictions on incorporating new suggestions. January 25 or 26 should be the deadline. Suggestions can be directed to institutions such as the State Committee on Prices and the Economic Committee of the Council of Ministers.

[Question] How can a genuine discussion take place with trade unions not participating?

[Answer] We discussed the issue with the trade unions while they were in operation. The 1-month period set of Solidarity to take a stand on the draft has expired without the trade union proposing a precise, final opinion in writing. Nonetheless, remarks and opinions expressed by trade union experts in working sessions have been used in part in the PKC booklet [on the price increases]. Besides, it seems that even the endorsement of the price operation as we planned, by all trade unions, did not guarantee totally avoiding the attitudes of social discontent. What remains is to do everything in order to gain the best possible knowledge of these attitudes.

[Question] Why are we discussing in installments the draft price increases on food without knowing the new prices for manufactured goods?

[Answer] We consider the increases of food prices to be the most urgent. Postponing these increases is not possible without harming the country. In this context, prices of manufactured goods are lower on the list of priorities. The mutual relationship of these prices is not as grossly unfavorable as in the case of food prices. Second, the prices that we are controlling are official prices, set by the state. We must compensate for their growth. It follows from the principles of the [economic] reform that a considerable share of prices will be set autonomously by producers. In this sphere, a different mode of compensation must be devised. But, first, we must know what the increase of the living costs will be.

[Question] The price ratios of food and manufactured goods will not change unfavorable as a result of the increase.

[Answer] This is too hasty a conclusion. Such generalizations are being drawn from skimpy observations. Indeed, there may be cases when prices of manufactured goods will shoot up threefold or fourfold; however, in general, we are standing by our predictions of growth in the range between 60 and 100 percent for manufactured goods. The situation in several months and conclusions based on a broader foundation will show who is right.

[Question] Does the increase provide for the cancellation of ration cards and adequate levels of supply?

[Answer] The cancellation of ration cards depends on the market situation rather than on any official pronouncements. This is why we are not declaring ahead of time that the increases will eliminate ration-card distribution. This will come about when we achieve market equilibrium, when we build up stocks of merchandise. Higher prices alone are not a guarantee of adequate supply. Nonetheless, they

are one of the prerequisites of market equilibrium; they provide an opportunity for the demand to fall and the supply to rise.

[Question] Good afternoon. I am 75 years old and retired. My husband is 77 years old. My retirement benefits amount to 2,800 zlotys and my husband's to 3,200 zlotys with all allowances. What will our compensation be?

[Answer] Both of you will receive the highest possible compensation for retirees, which is 1,450 zlotys each.

[Question] My husband's retirement benefits are from "the old portfolio" [smaller retirement benefits granted many years ago and not adjusted].

[Answer] "The old portfolio" is a separate problem. Indirectly, we are solving it since your husband belongs to the lowest income group by virtue of his "old portfolio" benefits and, therefore, will receive the highest compensation quota, 1,450 zlotys, as well as you, madam.

[Question] We live in an efficiency apartment with a floor space of 19 square meters. We are deeply upset by the problem of paying our gas and electricity bills with the rates as high as they will be.

[Answer] The rates have been rolled back: from 8 to 5.50 zlotys per 1 square meter of useful floor space of the apartment for remote heating, from 4 to 2.70 zlotys for natural gas and from 2.20 to 1.80 zlotys for electricity. I would call it an essential decrease of the increases. Since the two of you live together in 19 square meters, and the compensation plan provides for reimbursing the costs of 15 square meters to each of you, you would win rather than lose, because you will be compensated for 30, not 19, square meters.

[Question] I am a retiree. For 30 years, my wife was my dependent. After the 30 years, my wife had an accident in the street and received benefits from the PZU [Polish National Insurance].

[Answer] And now she receives separate benefit payments from the PZU...

[Question] ...in the amount of 1,744 zlotys. When I inquired at the PZU, I was told that my wife received separate benefit payments and, therefore, she could not be counted as my dependent.

[Answer] If it is so, the PZU must pay compensation based on that amount.

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[Question] What is the status of women who are on maternity and child-care leaves? How will they be treated after they return to work?

[Answer] Of course, they will receive compensation. While on leave, they are receiving compensation as dependents, that is 1,000 zlotys each. Upon their return to work, they will receive compensation commensurate with their salaries.

[Question] I am interested in the following matters. I am employed [full time]. My future wife is a student and does not work. What will my compensation be for her when we get married?

[Answer] It depends. If your future wife has a scholarship, she will probably receive compensation as a bonus to the scholarship. However, if she is going to be your dependent, you will receive compensation on that account.

[Question] Will I receive as much as I would for a nonworking wife?

[Answer] Exactly. In fact, all nonworking wives will receive 1,000 zlotys, whether they study or not.

[Question] Her parents receive compensation for her. After we get married, will I receive the 1,000 zlotys?

[Answer] Evidently a person is entitled to only one compensation, which means that, after the wedding, you will receive compensation.

[Question] I am a single mother of six. We have 1,500 zlotys per member of the household, everything included and alimony thrown in. I read yesterday that people making less than 4,500 zlotys will receive the highest compensation, 1,400 zlotys. The question is, Will this be counted per member of the household?

[Answer] For each child, you will receive 1,000 zlotys, whereas you compensation will depend on your salary.

[Question] My basic salary is 4,800 zlotys.

[Answer] Your compensation will be 1,350 zlotys and, on top of that, 1,000 zlotys per child.

[Question] This means that, due to this arrangement, I will have about 2,000 zlotys for each of us. Is that right?

[Answer] Well, so far you have been trying to keep the household going on a budget of 1,500 zlotys per member, though it is difficult and I am aware of it. In our proposal, it is not the earnings but the number of dependents on which the compensation hinges. Therefore, you will have a rather high quota per person.

[Question] This is not as high a quota as it may seem to be. It is the same for each child. However, one child may require spending 3,000 zlotys; another, 1,500. Once again, not all children will be fed similarly.

[Answer] We have incorporated the differentials of expenditure for children in the first version [of the draft] but it drew total criticism because it was considered too complicated. So, we have simplified it.

[Question] I do not know what is costs to rear a child in an orphanage but it is certainly more than you are trying to give to the parents whose financial condition is similar to mine.

[Answer] Offhand, it is difficult for me to say how much rearing a child in an orphanage might cost. In my opinion, it will certainly be more costly, at any rate, because of expenditures for personnel, etc.

[Question] I understand that you can give 1,000 zlotys per child but retirees receive more than children.

[Answer] I must tell you, with all due regard for the needs of children, that I have taken a couple of phone calls from retirees who have said exactly the opposite. They have a different point: They have given of themselves everything they could and now do not receive what they worked for over the years. In the final count, considerations of whether to give more or less to this or that social group lead nowhere. Even if we had entitled you to a very high compensation, you would not come out ahead compared to what you did with the comprehensive quota allowances for children.

[Question] Yes. Now I have one more question, perhaps of a different sort. It seems that new family allowances have been introduced?

[Answer] Yes, they have been raised, effective January. You belong in the lowest income group; therefore, you will get the highest allowances. I do not remember the quotas by heart, but you will come out ahead several hundred zlotys per child. This will not elevate you to luxury and comfort; however, getting by might become a little bit easier.

[Question] Let us be hopeful.

[Answer] I am glad for your optimism.

[Question] I am a second-category retiree; my benefits are 3,067 zlotys from the "old portfolio" plus a decoration bonus of 738 zlotys, for a total of 3,805 zlotys.

[Answer] You will receive 1,450 zlotys in compensation.

[Question] Will the decoration bonus increase percentagewise?

[Answer] Compensation will not change on the account of additional entitlements, for example, on the basis of tenure in employment, decorations, etc. These quotas are permanent; they are not being considered in current recalculations.

[Question] What compensation is a single mother entitled to, her income being 5,000 zlotys plus alimony payments?

[Answer] The payments do not influence the amount of compensation, which is to say that you will receive 1,350 zlotys.

[Question] I have one more question, please. Will the family allowances increase?

[Answer] On account of compensation alone, the allowances will not increase. This issue will be taken up in the second stage of the reform of family allowances, independently of compensation. The allowances increase within the framework of general regulations when certain income criteria are satisfied.

[Question] The new proposals say that everybody will be fully compensated for the food items distributed on ration cards. So far, I have been entitled to a ration increase because of sickness. Simultaneously, it has been written that each annuitant will receive 750 zlotys. Will I be compensated for this higher quantity of meat or not?

[Answer] We consider this meeting not entirely a briefing on what has been decided but to a large degree a form of consultation.

[Question] If it has been said that everybody would receive full reimbursement, I think it should also apply to this increased quota of ration-card meat.

[Answer] I would not like to say with the utmost confidence that it will work out this way; this problem is still being discussed. Your remarks are one of the lesser weights that might ultimately tip the scales in favor of such a decision.

[Question] I would like to clarify the following matter. In parts of Warsaw and generally in Poland, households have gas heaters but no hot tap water. This is not our fault, but this forces us to use more natural gas.

[Answer] In view of the situation, there is no way to call on houses and check who has a gas heater. I apologize for the answer, which may seem crude, but this is a big operation. If you have a gas heater and no hot tap water, you do not pay for the hot water. You use more gas, but, at the same time, you do not use the hot water; the two somehow cancel each other out.

[Question] Is any compensation envisaged due to increasing furniture, clothing and other such price?

[Answer] The increase of manufactured goods prices is a fruit of the independence of enterprises. Nobody has complete knowledge of how these prices will develop. If retail prices grow proportionately to producer prices, the index should be about 100 percent. Experience says that sometimes it develops in a slightly different way. We do not have precise estimates, because at present the matter boils down to one furniture set or another worth 14,000 to 19,000 zlotys, which hovers over Poland like a ghost. Everybody keeps talking about the furniture set--that it really exists, some have seen it, others have heard about it.... Most probably, the increase of these prices will be taken care of after the first half-year through adjustments in the system of payments, especially in various social security programs such as annuities, retirement benefits and, eventually, family allowances.

[Question] What is the situation with gasoline?

[Answer] Nothing is known so far about the changes in the price of gasoline. Various forms of rationing are being considered. However, even if gasoline prices increase, there are absolutely no grounds for compensation.

[Question] This is understandable; the issue is the availability of gasoline.

[Answer] You are talking about availability, not price. This is also unclear so far. This is generally a different topic.

[Question] Do I understand it correctly that, with regard to children, compensation will amount to 750 zlotys per child's ration card plus 1,000 zlotys?

[Answer] No, this is a misunderstanding. For each child, 1,000 zlotys will be paid, whereas the 750 zlotys is a workman's ration-card compensation.

[Question] You have not communicated that clearly and precisely enough.

[Answer] This is an important remark. We will have to clarify this point and be more precise.

[Question] I would like to know why society is divided into two very unequal segments as far as the new amended principles of setting heating fuel prices are concerned. All the tenants in centrally heated buildings will suffer a 100 percent increase in their heating bills, whereas the rest of the population will lose 400 percent. In Warsaw alone, 94,000 apartments are heated with coal or coke, and the tenants will pay 400 percent more. The same goes for the rural areas and all small cities. Of course, I do not know the data for the country as a whole, but in the Capital Voivodship [Warsaw Voivodship] there are 210,000 people. These people will have to shoulder the main burden of the entire operation. Why has it been done that way? Why has this inequity been increased even more?

[Answer] Well, there is a small inaccuracy in these calculations, since the growth is not fourfold but less than 300 percent. It has further been said that this was going to be a transitory stage, that this would not be the end of price increases for central heating.

[Question] I understand this. But why in such a situation will the bulk of this increase be passed on to those who do not enjoy the benefit of central heating but themselves mess about with coal.

[Answer] There is a problem here. Coal, though, is mainly used in production by farmers. This segment of coal consumption will be additionally compensated by the raise of procurement prices.

[Question] I repeat, in Warsaw, 94,000 people use coal and are not farmers. They are dealt a heavy blow all at once and from the very beginning.

[Answer] This is certainly a problem, but there is no hard and fast solution to it. It should be necessary to envisage higher coal prices for farmers who will be compensated by way of procurement prices and temporarily lower prices for those who heat with coal in urban areas. Is this technically possible? I do not know. At any rate, I will take note of your remark.

**PROGRESS OF GEOLOGICAL RESEARCH PROJECT ASSESSED**

Bucharest REVISTA ECONOMICA in Romanian No 2.15 Jan 82 pp 3-4

[Article by Gogu Dragne of the Ministry of Geology: "Geological Research Activities in Support of Discovering New Mineral Resources"]

[Text] All geological research activities are subordinate to the achievement of the major goal established by the 12th RCP Congress: Romania's energy independence by the end of this decade and the supply of the national economy to the greatest possible degree with mineral raw materials from domestic resources. The achievement of this objective of special importance for our country's economic and social progress means intensifying geological research efforts throughout the entire country, as well as on the Romanian continental shelf in the Black Sea, for the purpose of discovering new reserves of crude oil, natural gas, underground thermal waters, coal, bituminous shale, ferrous and non-ferrous mineral ores, gold and silver bearing ores, rare and dispersed metals, and non-metallic substances, as well as other useful mineral substances.

During the current five year plan, we foresee an unprecedented increase in geological activities, approximately 1.6 times greater than the achievements of the 1976-1980 five year plan. Of the total amount of funds allocated approximately 68 percent are slated for increasing the reserves of energy-bearing mineral substances - petroleum, natural gas, coal, bituminous and carbon shale, geothermal waters and oil-bearing sands. Parallelizing the efforts to be made to find new geological reserves, we will give greater attention to the judicious administration of known mineral raw materials. The implementation of this requirement calls for an increase in concerns for the protection and rational use of deposits. This is even more necessary since, for the active reserves of ores (coal, petroleum) and other mineral substances, there are modern extraction and use technologies. This is an additional argument that attests to the concern of the Ministry of Geology and its organ for geological mining review for seeing that not a single ton of reserves will remain underground in those deposits being exploited.

**Systematic Research of Still Uninvestigated Geological Spaces and Formations**

According to the provisions of the geological research program drawn up at the direction of the party's secretary general, through a broad consultation process with academicians, professors, university staffs and specialists having a rich experience in the field of geology, and with the cooperation of certain authorities in the

central and combined organs, geological projects will be intensified and extended practically throughout the entire country and for all the mineral substances necessary to the national economy. This takes into account the geological structure of our country, the degree of research and the use of mineral substances, and the prognosis regarding the possibilities for finding new deposits, and it presents several objectives that deserve to be revealed.

Thus, we are calling for a move to the systematic research of still uninvestigated geological spaces and formations or those where research has just begun. In this category, for hydrocarbons there is the research into the formations located at over 4,000 meters below the surface and on the Romanian continental shelf in the Black Sea and for useful solid mineral substances those formations located at depths greater than 1,000 meters in some of the metalo-genetic counties and coal basins, as well as in those regions having a lower level of mineral content, such as those formations containing dispersed copper-bearing ores or those impregnated with polimetallic substances, which up until recently were considered to be uneconomical for exploitation. At the same time, we will place special stress on research conducted from new points of view into geological formations and regions now known to contain accumulations of useful mineral substances, areas that correspond to the most recent advances in geological concepts regarding conditions for the accumulation of mineral substances and the use of these substances. In these regions, there are premises for outlining new reserves and for efficiently using them within the framework of existing production capacities. At the same time, it should be mentioned that during the current five year plan the increases in the reserves of useful mineral substances are greater than the scheduled extraction, which will have the effect of improving the level of ensuring extractions while having reserves.

A special characteristic of the program is the amplification and diversification of technological research for bringing new deposits and useful mineral substances into the economic circuit. In this context, it is necessary for us to point out that our country has a complex geological structure and a rich tradition in geological research which have brought about the identification of a great variety of useful mineral substances. Despite all this, for some mineral raw materials and combustible minerals the constantly greater needs of the national economy cannot be satisfied. It must be specified, however, that we are not talking about the waste of these resources, but about an increase in the degree of difficulty in finding them and finalizing the technologies for the preparation and extraction of the useful elements.

In order to speed the introduction of discovered reserves into the economic circuit, we have moved to carrying out mining projects during the geological research phase, using placements and types that will serve the future mines. We are talking about cutting certain experiment coalfaces and quarries and pilot galleries and mines. Similarly, in order to mechanize the digging of mine shafts at a site that has difficult hydrogeological conditions, especially for coal, there has been experimentation with and there will be an expansion in the use of the technology of digging these shafts using drilling equipment, completing two shafts at Borod-Borozel and scheduling others at Bereolt and Palazu Mare. These new directions

require the improvement of technical equipment, the modernization of this equipment and a better use of the existing devices and equipment. The devices used in geophysical prospecting must have a high level of technology that will permit obtaining a large volume of data that are not affected by perturbations. Only in this manner we will be able to improve geological and economic efficiency, and will we find solutions to discovering new deposits and bringing them into the economic circuit. For that reason, together with the ministries with which we cooperate, it is necessary for us to provide the devices, equipment and diversified materials in the quantities and of the quality required by the difficult working conditions in geology, in accordance with the provisions of the supply program.

#### Directions of Actions to Achieve the Programs

Geological research activities in 1981 were characterized by a greater mobilization of human and material resources in order to achieve certain important objectives outlined by the party and state leadership. Thus, financial resources were made available to geological research efforts representing approximately seven billion lei in order to carry out geological projects, in addition to those funds allocated for technical-material development. Geological research activities concluded last year with positive results, achieving the plan provisions regarding the principal technical-economic indicators, as well as increases in reserves in all useful mineral substances. Among the more important results we can mention: the discovery of 27 petroleum and gas deposits, as well as the extension of the productive surface-areas on 27 petroleum structures and 16 gas structures.

The achievements recorded could have been even better if they had not been negatively influenced by certain deficiencies. Thus, there was a significant shortfall in geological drillings, especially in opening drilling, whose purpose mainly is to locate new productive regions and objectives where contouring work is to be concentrated at a later date. Although recently there has been a sudden upswing with regards to discoveries of reserves, the results obtained still are not at the levels of the current exigencies and requirements of the economy. For that reason, it will continue to be necessary for the specialists from the Ministry of Geology and the Ministry of Petroleum, which together are responsible for the achievement of the plan to increase petroleum and gas reserves, to mobilize their efforts in order to increase the rate of discovering new resources. To this end, special attention will be given in 1982 to intensifying and finalizing geological opening drilling research projects, especially in those regions and places where we have a lower level of data, as well as in those located at great depths.

With regards to geothermal waters, good results have been obtained at Carei (in Satu Mare County), Marghita, Ciungiu, Oradea and Mihai Bravu (Bihor County), Arad and Curtici (Arad County) and Lovrin and Sinnicolau Mare (Timis County). The large-scale use of geothermal waters is being slowed during this stage by the restrictions imposed upon the discharge of used waters, because of their poisonous nature, as well as the high level of mineralization in the waters. In order to resolve these difficulties, research and experiments are being conducted to re-inject the waters into the ground or to purify them so they can be spread onto

the ground. Similarly, research is being carried out to combat the depositing of salts in drill columns and pipes, as well as to produce certain submersible pumps that can operate at temperatures of 100-150° C.

With regards to coal, the research that has been carried out has shown strata of bituminous coal in the region of Chiacovat-Ostretu and Pregheda in the Banat and strata of lignite in the regions of Liverile, Maiag, Terprezita, Dilga, Cizieni and Jupinesti-Musculesti in Oltenia, in the regions of Vulcan-Pandale and Valea Dimbovitei-Valea Neajlovului in Muntenia, and in the regions of Sinersig, Visag and Darova in the Lugoj Basin and Caransebes-Balta Sarata. Favorable results were also obtained in the region of Tirsolt in the Oas Basin, Vas-Borod and Oradea-Biharea, as well as in the region of Zimbor-Dolu for lignite. Geological projects for coal are concentrated in those regions having the best perspectives, as well as in those areas that are short on energy resources. Similarly, they are working to increase the level of knowledge on the reserves in the Petrosani Basin and to turn over certain new areas in Oltenia for mining operations.

The research efforts for ferrous ores had favorable results at Ruschita-Piriul cu Raci, at Ciungani, Delnita, Baisoara, Razoare and at Iulia. Similarly, they identified layers of manganese ore at Oita Sud, Dracsani and Ulm-Sihastria.

Concerning non-ferrous ores, research projects were carried out in the majority of the regions and areas of the future, obtaining favorable results in Ogasu Grecilor-Apele Albe, Stinapari, Ungurelu and Ruschita in the Banat, Cobasul in the Rodnei Mountains, and Crucea, Piriul Ciinelui, Lesu Ursului and Valea Putnei in the Bistrita Mountains, as well as at Baia de Arama, Movila Sapata, Valiug, Boita-Hateg, Vetel, Muncel, Cicirlau, Roata Est and in the coastal region near Luncaceasca-Ivascoaia.

Positive results were also obtained in research for: bauxite in the Padurea Craiului Mountains; barium oxides at Holdita, Brosteni and Alunis-Clife; refractory clays in the region of Alun in the Padurea Craiului Mountains and at Anita-Kubek; carbonaceous and silicon sands north of Aghires, as well as for kaolin-bearing rocks at Stejera.

Despite the fact that in 1981 some goods results were obtained in geological research activities for useful solid mineral substances, we must stress that there were numerous deficiencies and difficulties. As a result, measures were established to discover new reserves of bituminous coal that would lead to an increase in the shortest possible time of the production of coking coal and to a reduction in importing coke. For iron ores, there were delays in implementing the research program involving mining projects at the deposits at Palazu Mare. Shortfalls were also found with regards to completing the technologies for setting up conditions to use ferrous and non-ferrous ores that are of poor quality or difficult to prepare. In this regard, it is necessary to increase cooperation with the Ministry of Mines and the Ministry of the Machine Building Industry to adapt preparation and extraction technologies to the characteristics of the reserves that are discovered and not the reverse, that is, to find reserves that fit the existing technologies.

For gold- and silver-bearing ores, an intensification is foreseen for prospecting and mining projects in new regions having favorable geological premises and in metallogenetic regions or geological structures containing non-ferrous minerals, as well as for conducting research in certain alluvial regions. Similarly, we must also work more for non-metallic substances, with priority upon those where shortages exist (barites, kaolin and high-quality refractory clays) and for which priority programs to intensify research were drawn up.

#### Broad, Complex Investigations

It is known that Romania is among those countries that do not completely obtain their required amounts of mineral and energy raw materials from domestic production, being required to import significant quantities of iron ores, coking coal, petroleum and other useful mineral substances. Beginning from this point, the Ministry of Geology has initiated a series of actions that call for the improvement of geological activities for the purpose of increasing the rate of discovering new reserves and complexly and completely using the national store of useful mineral substances.

An important action in this direction is drawing up during the first part of 1982 of a program for the better use of and an increase in the base of mineral raw materials. Within the framework of this program, there will be a determination of the potential of useful mineral substances by major structural units or metallogenetic region, on the basis of which the means and volumes will be established for the projects needed to transform the forecast reserves into industrial reserves. Similarly, the program will include the balance status of mineral raw materials, the means of covering the amounts required by the national economy, the degree of providing production with reserves, the measures for increasing the base of raw materials from domestic resources and the measures for better using those reserves where mining has begun.

The principal objective of this program is to turn over for use those deposits where geological and technological research have been completed and to select those deposits where research has been pushed to create the conditions for substantiating investments and production. At the same time, new criteria are being elaborated for the rational use of deposits of useful mineral substances, criteria through which they will pursue the better use of all useful elements contained in the deposits and the achievement of the highest possible degree of recovering reserves.

It should be stressed that the good results obtained in mining and petroleum production have each time showed the significance of the close and continuing cooperation between the specialists in geological activities and those in the extractive industry. Only through a common effort that is well-correlated in all phases, beginning with the prospecting for deposits up to their effective mining, can we ensure both a growth in reserves and their rational and efficient mining. In this framework of broad mobilization and participation in a sector of prime importance in the country's economy, the workers and specialists in geological activities are determined to work with all their powers and responsibilities in order to implement the requirement to fulfill under the best possible conditions a mission of great significance regarding providing the country with mineral and energy raw materials.

## MEASURES DESIGNED TO ACHIEVE AGRICULTURAL SELF-SUPPLY

Bucharest REVISTA ECONOMICA in Romanian No 2, 15 Jan 82 pp 9-10

[Article by Dr V. V. Topor: "The Economic-Organizational Bases of Self-Management and Self-Supply in Agriculture"]

[Text] The program regarding self-management and the self-supply of the populace with animal and vegetable agricultural products during the 1982-1985 period, as well as the Decree of the Council of State Regarding the Contracting and Acquisition of Vegetable and Animal Agricultural Products, add new links to the chain of measures calling for the carrying out of the new agricultural revolution under the conditions of an improved economic mechanism. These regulations create an economic basis corresponding to the stimulation of the trade of products between the village and the city through material incentives to the agricultural producers to increase the volume and quality of vegetable and animal products and, on this basis, deliveries to the centralized state fund. The growth in production in all regions of the country will especially be achieved through a more rational organization of production and labor and through the more complete and efficient use of material and human resources in all agricultural production units.

At the same time, through the new measures an integrated system has been outlined for the organization and management of agriculture on the basis of the principles of self-management and self-supply on a territorial level. This system is achieved through closing the circle of self-administration around all of agriculture, with it being composed of the four sub-systems that correspond to the hierarchical steps of agriculture's structure and planning: the agricultural units and individual producers, the unified state and cooperative agro-industrial councils, the county-level agriculture and the national-level overall agriculture.

### The Advantages of the New System of Contracting and Acquisition

An important factor in the efficient operation of the system of self-management and self-supply that has been created is represented by the new system of contracting for and acquiring agricultural products. It will substantially contribute to the achievement of a balanced agreement between the interests of the agricultural producers and general social interests. Through the recent decrees of the Council of State, we are pursuing the stimulation of socialist agricultural units and people's farms to increase their contribution to the volume of contracts for and acquisitions of agricultural products by increasing production per unit of land area and per

animal, with these producers receiving, in addition to the updated base prices, production bonuses in bani, differentiated according to a number of economic criteria.

What are these criteria and what are the grounds that call for their application?

First of all, we use the criterion of differentiating the bonuses according to the nature of the products that are contained in the contracts and acquisitions. Within this criterion, the bonuses that are given for vegetal products vary between 4 percent for tobacco and 59 percent for sugar beets compared to the contract price, with the majority of the other vegetal products being placed at a bonus level that varies between 17-20 percent and 23-36 percent. With regards to cows' milk and buffalo milk, the average bonus given is .80 lei per liter, for sheep and goat milk the bonus is approximately .50 lei per liter and so forth. The differences between the bonuses for various products are based upon the need to stimulate the producers to increase production and deliveries to the state especially in those products that are either in short supply or of major importance for the national economy, such as, for example, sugar beets, medicinal plants, corn, hemp, vegetables and so forth.

The second criterion for differentiating is the type of producing agricultural enterprise for the products contained in the contracts and acquisitions. Although the prices listed are not different in their level for one and the same product, they are different in relation to the limits that are delivered per hectare. For example, if the bonus of 300 lei per ton of corn is given to the state agricultural enterprise for an amount that is delivered varying between 3,500 and 4,000 kg per hectare, the same bonus is given to the agricultural production cooperatives, members of agricultural cooperatives and other individual producers for an amount that is delivered varying between 1,000 and 1,500 kg per hectare. For milk, a bonus of .40 lei per liter is given to the state agricultural enterprises for an amount that is delivered at the rate of 2,000 liters per cow or buffalo, while the same sum is given to cooperatist agricultural units for 1,000 delivered liters and individual producers receive it for quantities up to 500 liters. This time, the difference in the bonuses is based upon taking in consideration the different technical-production capacities of the agricultural units, the resources to intensify production that are available and the potential availability of goods production from these resources.

In order to stimulate the more rapid growth of productivity per hectare or per animal in agricultural production and, on this basis, deliveries of agricultural products, the bonuses are also differentiated by steps within one and the same product, with the differences compared to the average bonus varying in relation to the nature of the product and the number of steps established. Thus, for wheat, for a bonus of 300 lei per ton, the differentiation is made for the state agricultural enterprise [SAE] in four steps, with the variations in the bonus being placed between 91 percent and 133 percent compared to the average, while in the case of the agricultural production cooperatives [APC] and t.c. individual producers the differentiation is made in seven steps, with it varying between 50 percent and 133 percent compared to the average. For corn, the bonus, whose average is 530 lei per ton, is differentiated at the SAE in five steps, with extreme values of 36 and 122 percent, while for the APC and individual producer seven steps are established, with the extreme values being 47 and 122 percent compared to the average, and so forth.

This differentiation in the bonuses by steps also takes into account the criterion of territorial regions which influences the productivity per unit of land area that can be obtained by the producers. For example, for wheat, there is even a list of those counties which, being located in areas less favorable for the production of this crop, receive the same bonuses even though the quantities of products per unit of land area are lower. To the degree that this system will undergo experimentation, we feel that it will take into account the fact that other crops, for example, corn, must also benefit from the advantages of making region distinctions, taking into consideration to a greater degree the different incomes that are created in the favorable regions and the difficulties that are encountered in the less favorable areas.

The improvement of the system of contracting and acquisitions is achieved, first of all, by bringing up to date the basic prices for animal products, after the earlier updating of prices for vegetal agricultural products. The fact should be remembered that at the current level of prices production costs for all agricultural products are covered, and at the level of planned productivity. In other words, the correlation between the price of agricultural products and their cost is influenced by the attainment of certain standardized parameters - and not by those achieved.

#### The Consumption of Labor - At the Socially Necessary Level

According to economic theory, such a condition is fully justified since we are talking about adhering to a fundamental condition for creating things - that the parameters taken into account will correspond to the socially necessary labor. The adherence to the consumption of socially necessary labor by all agricultural producers in the process of obtaining vegetable and animal production is an objective requirement and, at the same time, their obligation. At the same time, however, there is also the need to provide all the conditions external to the producer so that he will be able to adhere to the socially necessary production consumption. We are talking about the fact that the technical equipment for the mechanization of production processes are decisive, but not sufficient. There is need of repair bases that can put defective equipment back into operation at a qualitatively superior level; of supply bases that can provide all the spare parts that are requested; and of supplies of quantities of fuels and lubricants outlined by consumption standards within the timeframes required by the technological processes. The experiences of the previous years has demonstrated that the failure to provide these conditions that are external to the agricultural units has affected both production costs and the level of production obtained.

Deviations from the socially necessary consumption have also been recorded as a result of the failure to sufficiently provide a workforce, especially in the APC's. In certain regions of the country, especially those below the city level, agricultural production could not be supplied with the necessary qualified workforce, not only in harvest activities (when calls are made to the workforce outside agriculture), but especially in work to maintain the crops and care for the animals. Without going into the details of the causes that have brought about such a situation, I feel that the improvement of the system of contracting for and acquiring agricultural products will be able to lead to making a decisive impact upon cooperatists

(and not just upon the APC's), especially by improving the forms and levels of paying salaries for their labors. It must be recognized that the transition to paying salaries for the labor of cooperatists contributed in part to the transformation of the cooperatist members from sellers of to buyers of agricultural products, just as the level of salaries for labors performed in many APC's, compared to those in other sectors of the economy, caused a portion of the cooperatist members to prefer other occupations. The measures taken by the party and state leadership regarding the introduction of self-management and territorial self-supply, including at the level of each town, as well as the improved system of contracting for and acquiring agricultural products, are clearly capable of putting an end to certain such negative processes in the sphere of agricultural production. This is so since, beyond the prices obtained and the bonuses given out, the new measures involve the content itself of the concept of the economic organization of agricultural production, especially in the agricultural cooperatives and in the individual farms in the non-cooperativized regions. We are outlining the gradual elimination of fractionalized organization and administration in agricultural activities and the inauguration of a policy of integrating all the factors that are involved in the creation of the social agricultural product by designing a policy of "communicating vessels" between the public administration of agricultural cooperatives and the personal farms of the cooperative members, a policy of more actively attracting the individual farms in the non-cooperativized regions into the unified mechanism of agricultural activities supported and stimulated by the state.

#### Economic Connections Between the Administration of the APC's and the Personal Farms of the Cooperatists

Given the economic importance of the personal farms of the members of the APC's in providing agricultural products for their own consumption and for sale on the free urban markets, this policy aims at the even more active support for them for the purpose of increasing agricultural production and individual producers' contributions to the achievement of territorial self-supply. This support action consists, among other things, of providing seeds and planting materials from high productivity soils and hybrids, chemical fertilizers and materials to combat diseases and pests, specialized technical assistance, technical equipment that will ensure the mechanization of certain projects on lands in the personal use of cooperatists, and so forth.

In achieving these objectives, the program regarding self-management and territorial self-supply establishes specific measures of an organizational and economic nature by which the anticipated effects can be achieved. Thus, the Ministry of Agriculture and the Food Industry, research efforts, consumer cooperatives, handicraft cooperatives, enterprises for the better use of grains and technical plants, and so forth are called upon to help not only the socialist agricultural units, but also the personal farms of the cooperative members, including the producers in the non-cooperativized regions, in procuring all the resources needed for the purpose of increasing agricultural activities and in providing technical assistance and the means needed to increase vegetable and animal agricultural production.

In the cooperatist agricultural sector, which represents the largest sector of agricultural production, we believe that in addition to the new measures of an organizational and economic nature, which aim at achieving the objectives established in the recent party and state documents, there should also be an organization of certain broad actions to combine the activities of the agricultural cooperatives and the personal farms of the cooperative members. While preserving the autonomy of the two forms of production, there should be a realization of a close connection based upon respect for the specific nature of their economic interests that can contribute to the growth of both the incomes of the agricultural cooperatives and the members of these cooperatives.

As is known, the recent decrees foresee, for example, that the agricultural cooperatives will organize facilities for breeding-sows and their own day-old chicks for the purpose of selling young pigs and chicks to individual producers. And, such forms of production relations can be broadened, going so far as to include the economic activities of the farms of the cooperative members in the production mechanism of the cooperative itself. This can be done, for example, by the cooperative members taking a restricted number of animals belonging to the public property of the cooperative for the purpose of raising them on the personal farms, especially in cases where there is an expansion in the number of animals. Through this, they will eliminate the large investments required by the creation of new shelters to house these animals, they will be able to use the shelters existing on the personal farms (at least in some regions of the country), they will be able to create new sources of income for the members of the agricultural cooperatives and they will increase the quantities of products delivered to the centralized state fund. Clearly, such an action requires the provision of fodder from public farms and the payment of salaries for the labor performed by the cooperative members at their homes. Certainly, we can also take into consideration other forms of combination and cooperation in agricultural production where such actions will be able to prove their economic efficiency.

Another way for achieving actions of production cooperation between the public farms and the personal ones of the cooperative members is that of developing small-scale industry units in the food industry that will ensure the better local use of agricultural raw materials produced by the cooperatives and the individual producers. These will be units that are created by the cooperative, either individually or through cooperation. Through such an action, there will be a higher level of use of the labor potential of the cooperative members throughout the entire year and an increase in their incomes and those of the cooperatives.

Given the relatively low value of agricultural products per unit of land area (with some exceptions) and especially per member of an agricultural cooperative, for the economy of an agricultural unit the level of the net income obtained per unit of product is not so graphic, but rather the level of the net income per unit of land area. Since this latter factor differs greatly from one crop to another (for example, from wheat to tobacco or grapes), the opportunity for providing a salary at the social level depends upon the structure of the crops. Just as

this cannot be changed according to needs, with it being determined by the regional production peculiarities and the reserves status in the national economy, the sole solution at hand lies in inventively finding certain organizational and economic solutions that will correspond concomitantly to both the general needs and the local ones of the agricultural producers.

8724  
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IMPLEMENTATION OF NEW AGRICULTURAL MEASURES DISCUSSED

Delivery Bonuses

Bucharest FLACARA in Romanian No 2, 15 Jan 82 p 2

[Interview with university professor Dr O. Parpala: "A System of Material Incentives Designed to Lead to an Increase in Agricultural Production"; place and date not specified]

[Text] [Question] Comrade professor, what do you think of the provisions of the recent decrees regarding contracting for and acquiring vegetal and animal agricultural products?

[Answer] The first year of the new agricultural revolution in Romania has been completed with the adoption of certain truly revolutionary measures and through their impact upon the process of modernizing agriculture. I am talking about precisely those two decrees of the Council of State of the Socialist Republic of Romania regarding contracting for and acquiring vegetal agricultural products, as well as animal products. The essence of these legal measures lies in the fact that bonuses are added to the base prices (prices again increased in the case of animals and animal products) per ton according to the deliveries to the state fund per hectare or for each hundred liters of cows' milk contracted for and delivered to the state fund, as well as other bonuses that will ensure an increase in the birth rate of animals, a growth in the average weight at slaughter, a more regular delivery of animals during the course of the year and so forth. I am talking, therefore, about an entire system of material incentives that is organically integrated in the concept promoted by the secretary general of the party, comrade Nicolae Ceausescu, regarding the economic factors for carrying out the new agricultural revolution in Romania.

[Question] What is achieved in a practical sense by the implementation of these new regulations?

[Answer] The economic, social and political significance of these new measures for incentives for agricultural producers is multiple in nature and profound. First of all, the differences in the bonuses according to the size of the deliveries per hectare or per animal stimulates an increase in vegetal and animal production - the principal objective of the new agricultural revolution. It should be remembered that the size itself of the bonus per ton of vegetal product or per hectoliter of cows

milk increases along with the increase in the amount of product delivered per hectare or per head. Through this, the new measures spur the rational use of each hectare of land and each production animal at a maximum level of productivity. For its part, the growth of vegetal and animal production contributes to carrying out the objectives regarding the self-supply of the populace with agro-foodstuffs in the amounts and in the assortments that will at the same time ensure the improvement of our people's food consumption. I especially have in mind the transformation of an ever greater amount of available grain feed into meat, milk, eggs and so forth. This objective also agrees with the new increases in the contract and acquisition prices for live animals for meat and cows and goats milk. These increased prices are incentives for the agricultural producers to have a more powerful development of animal raising, a priority branch of activity in any modern agriculture.

Similarly, it should be stressed that the average bonus per ton (in relation to the base price) is greater for those products of maximum importance for the harmonious development of all of agriculture, as is the case of seed corn, the main fodder for meat-producing animals, where the bonus is 42 percent of the base price or for those products where there is a rapid consumption (the case of sugar and cooking oil, with the bonus being 59 percent for sugar beets and 27 percent for sunflowers). In this way, the pricing policy, through the intermediary of the bonuses, is used in order to stimulate the production of the necessary amounts and in increasing the production of different agricultural products.

Another element I would like to point out is that the new measures involve special care for the cooperatist peasantry. Thus, according to the provisions of the mentioned decrees, the point of the deliveries per hectare or per head where bonuses can be given out per ton is lower in the agricultural production cooperatives than in the state agricultural enterprises. This is a solution that is fully justified and that takes into account the realities in these sectors of our agriculture.

[Question] In your opinion, what would be the implications of the new measures with regards to the modernization and self-administration of agriculture?

[Answer] Through the supplementary financial resources made available to the agricultural producers (a supplementary income of 14 billion lei is expected just from the bonuses for vegetal products, at the level of planned productivity), the new measures are capable of strengthening the material base in order to accelerate the process of modernizing our agriculture by way of increasing its own investments. As a result, the supplementary financial resources not only stimulate the producer, but also offer the material opportunities to increase per hectare productivity for the purpose of eliminating in the shortest time possible the unjustified, significant gaps compared to those countries with developed agricultures.

At the same time, the new measures support the promotion of the principle of self-administration, including by providing certain equitable incomes for the cooperative members through the system of paying salaries for labor. In connection with self-administration, we would suggest, however, that several considerations should be kept in mind in implementing the new regulations and later - why not? - in making new improvements to these prices, vital factors in the planned and scientific management of agriculture.

Self-management and self-administration in agriculture, as an expression of a better placement of the trade of products between the village and the city on economic principles and of the strengthening of the worker-peasant alliance, requires the achievement of a profitable economic activity at the level of each agricultural unit and each year, regardless of the specific climatic conditions, in other words a permanent profitability in space (the land) and time. These mandatorily requires a stability in incomes (certainly, a relative one in the sense of absolute increases of these incomes).

In order to carry out this program, I believe that it is first of all necessary to move to a system of flexible prices, especially for vegetal products, which, fluctuating around an average price set by decree depending upon social production costs, will take into account the yearly influences of climatic conditions upon production, conditions that certainly influence the size of per hectare deliveries to the central fund. After all, in our party's concept, the contract price is a price of understanding between the producers (the agricultural units) and the buyers (the state, especially through the intermediary of the Ministry of Agriculture and the Food Industry). And, this price of understanding assumes a negotiation, in my opinion, between the National Union of Agricultural Production Cooperatives (and the county unions), as the representative of the peasantry, and the Ministry of Agriculture and the Food Industry (and its county enterprises for using the products), as representatives of the state. Price flexibility, under conditions where the volume of sales can vary, ensures a stability of incomes for the self-financing of all production activities at each unit, especially under conditions where its production plan must respond to social demands outlined in the plan indicators received from the higher management organs in agriculture.

Second, I believe that we must introduce different bonuses depending upon regions of the country (as is the base price for the main vegetal products), according to specific pedoclimatic conditions. These differences are also necessary on the basis of considering social demands, by virtue of which the achievement of a product is not limited to the most favorable region. A uniformly set bonus per ton of product according to the amount of per hectare deliveries favors those units having the better production conditions. It is clear that the financial efforts to deliver these quantities of per hectare product vary according to the pedoclimatic conditions and vice versa: in order to deliver the same amount of products different financial efforts are necessary. The solution would be in having different levels of per hectare deliveries getting the same per ton bonus or in different bonuses per ton for the same amounts delivered, depending upon the regional conditions. Otherwise, those agricultural units having poorer production conditions will be at a disadvantage and will encounter difficulties in their economic development. Furthermore, in the case of wheat the decree itself regarding contracting for and acquiring vegetal products gives bonuses beginning with a lower level of per hectare deliveries for the agricultural production cooperatives in those counties having poorer pedoclimatic conditions.

In making these suggestions, I begin with the consideration that a revolution, and especially one of the scope and depth of the one that is being carried out

in agriculture in Romania, does not imply a stagnation either in deeds or in thoughts, with this having to precede and to substantiate the deeds.

#### Mechanization Station Reorganization

Bucharest FLACARA in Romanian No 2, 15 Jan 82 p 2

[Article by university professor Dr V. V. Topor: "A New Organizational Framework for the Mechanization of Agriculture"]

[Text] The recent Decree of the Council of State referring to the improvement of mechanization activities and the regulation of relationships between the agricultural mechanization stations [AMS] and the agricultural units within the framework of the unified state and cooperatist agroindustrial councils tends to ensure a new organizational framework for the mechanization of agriculture and to formalize in statutes the practical methods that are to be achieved, the furthering of the process of integrating sections and the formations for mechanization in the production activities of the state agricultural enterprises and the agricultural production cooperatives. The measures established in the decree reflect the concern of the party and state leadership for providing all the conditions for implementing the program to modernize agriculture and develop it at an accelerated pace, as established by the 12th RCP Congress, and for carrying out the new agricultural revolution.

Beginning with the premise that mechanization represents the fundamental factor for increasing agricultural production, the new regulations have in mind measures to solve the problems of organizing mechanization activities in a new spirit capable of increasing the level of productivity and efficiency of these activities.

The new law calls for the mechanization sections and formations to be effectively integrated in the activities of the agricultural units, but in a system of dual subordination according to a specific statute for the workers and each form of property: in the state agricultural enterprises the workers in the mechanization sections and formations are transferred in the interest of their jobs and permanently employed, while the workers in the agricultural production cooperatives carry out their activities as cooperative members, but maintaining, however, their positions as workers of the AMS's. In both cases, as a fact of major importance, the mechanized equipment operators are directly subordinate to the agricultural units where they carry out their activities, with all the rights and obligations conferred by this subordination. The new regulation ensures the conditions for an increased discipline in the work of the mechanized equipment operators, with direct implications in the results of production.

At the same time, the managements in the units retain the full decisionmaking authority in the area of organizing and using the technical equipment with a maximum of efficiency according to the requirements imposed by the plan tasks established by the agricultural units. To this end, the obligations are outlined for each unit for drawing up its own specific program containing the structure, volume and execution timeframes of projects, as well as the assignment of equipment

and manpower to the technological processes. The AMS's are responsible for supplying the component agricultural units of the unified agroindustrial councils, according to calculations on the required levels made by the units, carry out repair work on equipment, recondition parts and subassemblies and supply fuels and lubricants, parts and materials capable of ensuring the normal carrying out of production processes in all agricultural units. The fact that in practice the achievement of plan tasks, especially in vegetal production, depends upon a rigorous adherence to these conditions - conditions that are external to the agricultural units - on the part of the AMS's fully points out the great responsibilities these units in rigorously adhering to their obligations.

The decree recommends the organization of work in large formations of mechanized equipment operators, formations that will have a permanent status both in regards to the means of work and the workforce and in regards to the land areas. The principle of permanency ensures the premises for applying the system of salary-agreements, with this ensuring the identification of the contribution of each formation to obtaining production. The fact that salary payments are planned on the basis of unlimited overall agreements is capable of increasing the incentives for the mechanized equipment operators and the other participants and continually increasing production per unit of land area.

In the state agricultural enterprises, payments for the work that is done is scheduled to be accomplished according to the effective expenditures, to which is added a profit of five percent. The move to the system of paying for work that has been accomplished in the state sector on the basis of the cost of the work is brought about by the need to reduce mechanization costs and rationalize specific consumption and to increase productivity per piece of equipment. The fact should be remembered, however, that not all expenditures that determine the cost of the work are made by the state agricultural enterprise, such as repairs, the joint and general expenditures of the AMS's and so forth. As a result, detailed regulations will have to be established that will outline the responsibilities of each party for exceeding expenditure levels.

The new organizational framework established for the mechanization of agriculture is capable of contributing to increasing the process of integrating the agricultural units within the unified agroindustrial councils, with these being responsible for the unified management and guidance of production activities carried out by the component agricultural units and of fulfilling the production plans. At the same time, by virtue of the new economic mechanism each agricultural unit carries out all its activities on the basis of the principles of self-management and self-administration, with the relations between the unified agroindustrial council and the agricultural units, between the AMS's and the agricultural units having to be based primarily on economic bases.

8724  
CSO: 2700

DIRECT DELIVERY OF GOODS, FOODSTUFFS TO BE EXTENDED

Bucharest REVISTA ECONOMIC in Romanian No 2 15 Jan 82 pp 11-12

[Article by Dr Gheorghe Alfiri: "The Rationalization of the Movement of Goods by Direct Deliveries"]

[Text] The rationalization of the movement of goods from production centers to the consumer regions is one of the permanent and major concerns of the Ministry of Domestic Trade with regards to increasing the economic efficiency of activities.

At the national conference of workers in the fields of socialist trade and hotel activities in June 1978, the secretary general of the party, comrade Nicolae Ceausescu, pointed out that: "Commercial activities constitute a direct continuation of production activities; trade and the workers in this field must appropriately carry out their tasks and responsibilities so that the products will reach the citizens on-time and under good conditions... We must ensure a direct supply from the place of production to the sales stores. Let there be as few intermediary units as is possible."

On the basis of these directives, as well as the measures established in Council of State decrees 93/1979 and 146/1980, the Ministry of Domestic Trade, together with the State Planning Committee and the coordinating production ministries, have worked to extend direct deliveries, to avoid intermediary storage and to reduce the storage time of consumer goods in warehouses. In 1980, for example, as a result of the measures taken the direct delivery of consumer goods represented 56.2 percent of the total amount of goods delivered by industry (188 billion lei), of which 67 percent were foodstuffs, 28 percent textiles-footwear and 61 percent in the metals-chemicals sector.

These results were possible because of the year-to-year improvements in the relationship (quantitative and value) between production and consumption in the cities and counties and because of the growth of the number of supplying enterprises in the sectors and groups that provide commercial goods, yielding important successes in the development and territorial distribution of production by producing enterprises in relation to the populace's supply requirements.

Currently, the 1,850 consumer-goods-producing enterprises (including the suppliers in the cooperatist sector) deliver over 1.5 million types of products to the market, broken down by groups of products as follows: approximately 5,000 types of foodstuff

are delivered by 470 suppliers, 98,000 varieties of metals-chemicals goods are delivered by 700 suppliers and over 1.4 million types of goods in the textile-footwear group are delivered by 680 suppliers.

As a result of the harmonious territorial development of consumer goods production, the current capacities in our country permit approximately 80 percent of the required amounts of foodstuffs for the people to be obtained from the production in each county. Under these conditions, it was possible for the system of direct factory-to-store deliveries to be extended throughout the entire country at the 100 percent level: bread, milk, milk products, meat, meat products, beer, potatoes, vegetables and fruits, canned fruits and vegetables, soft drinks and so forth, with the producers directly supplying these products to the retail units.

#### Increased Tasks Along the Lines of Quality Control

The spread of the system of direct factory-store deliveries for perishable food-stuffs and other products raises the problem of having the quality acceptance check of the goods in the factory, prior to shipping these goods to the commercial network. Currently, the acceptance check of these products is being insufficiently carried out, with there being cases where goods that do not correspond to the parameters of established quality levels get into the network.

At the county level, the general state inspectorate for the quality control of products, the state commercial inspectorate and the stores must show more exigency, ensuring the acceptance only of those products that adhere to the parameters for quality listed in the branch technical standards and norms. As shown by an analysis of different cases of deliveries of certain inappropriate products, they happened because of a tendency of certain producers to make profits on the basis of a "reduction" in quality and an insufficiently conducted check by the workers of the General State Inspectorate during production, as well as poor training in acceptance checks for certain workers in the commercial offices of the wholesale and retail commercial enterprises. Similarly, in some foodstuff factories it was found that there was a profoundly incorrect understanding of the need to put their raw materials to a better use, resorting to the simplest ways of doing things, but at the same time damaging the quality of the products (for example, excess amounts of water, salt, fats and so forth in a series of varieties and specialties of canned meats). This situation requires the quality control laboratories at the wholesale foodstuffs trade enterprises to carry out a more rigorous control of the quality of the goods that they receive, with the General State Inspectorate for the Quality Control of Products checking on adherence to technologies and quality standards of the raw materials and production processes in the food industry.

For products such as corn meal, meat, meat products, lard-butter and eggs delivered to the commercial network, it is necessary to outline responsibilities in the problems of quality acceptance checks between retail trade and wholesale trade, specifying the specific attributes and responsibilities at the local level (on products) between these two links in the relationships with the producers and suppliers so that the movement of supplies to the people will take place under good conditions and with a quality and regularity in the delivery of goods.

For the purpose of helping the workers in the trade sector who have responsibilities in the acceptance of foodstuffs, it should be mentioned that a series of regulations and guidelines were distributed to the wholesale foodstuff trade enterprises regarding the means of organizing and carrying out technical quality control. To the same end, during the current five year plan upgrade training courses will be initiated for workers involved in the problems of acceptance and quality control of foodstuffs.

#### **Creating a Complete Commercial Variety**

For some complex varieties of foodstuffs, such as biscuits, pasta, sugar products, canned meats and so forth, which are produced by a number of producers, the amounts distributed to the markets are directly delivered by the industry to the wholesale commercial enterprises in the Ministry of Domestic Trade system for the purpose of creating commercial varieties and lots (groups) of goods needed for the regular supply of stores. A similar role in creating assortments of goods can also be acquired by the CENTROCOOP distribution warehouses (where they exist) which can directly accept goods from industry and a series of other products can be delivered directly to the stores, eliminating as much as possible the movements through commercial warehouses. In cases where the wholesale foodstuffs trade enterprises directly accept supplies from the CENTROCOOP network in one county or another, an important reserve in the rationalization of the movement of goods, it is necessary to have an annual protocol concluded between these enterprises and the county union of consumer cooperatives that will identify the transfer of plan tasks, eliminating the intermediary handling through consumer cooperative warehouses (with the exception of those localities where state trade is not present).

Similarly, providing the minimally approved assortments requires the producer enterprises that make direct deliveries to more rigorously adhere to the graduated schedules for deliveries to destinations and the amounts distributed to the stores as they were established by the commercial organs which bear the responsibility for getting supplies to the populace. Similarly, it is necessary to have greater care and a sense of responsibility in the administration of the amounts of goods distributed both for supplying the people and for increasing production itself in the public food supply and meeting the needs of collective consumption.

Avoiding irrational transportation movements or long-distance movements of food products requires, in addition to an increase in the production capacities of certain factories, a better distribution of basic food products to the consumers throughout the country, including to the sales units.

The continuing growth of the number and area of sales units and the achievement of a better placement and structure of the commercial network in relation to the growth of population in the cities, under conditions of improving the relationship between sales space itself and the areas for conserving and putting together commercial assortments, have positively influenced the means of moving the goods and the improvement of placing the goods in the commercial network. It is significant that in the foodstuffs sector, which currently accounts for nearly 50 percent of the goods made available by industry (95.3 billion lei in 1980), the percent of stocks of goods placed in retail trade represents approximately 70 percent.

Improvements in the means of carrying out production, like regular production, and the extension of direct deliveries using an appropriate level of transport vehicles could decrease the stocks in the retail network, thus improving the quality of commercial service.

#### Rounding Out the Production of Consumer Goods

Despite all the results obtained to date in the territorial development of production, for some food products in bulk volumes such as sugar, flour, rice, oil and so forth the current number suppliers is still low, a fact which leads in many cases to covering certain relatively large distances between the place of production and the regions where the goods are consumed, with negative implications upon the opportunities for extending direct factory-store deliveries. In 1980, for example, the number of suppliers that had delivery responsibilities to socialist trade units was as follows: for sugar, 16 factories; for powdered milk, 6 factories; for cooking oil, 11 factories; for candy, 15 factories; for chocolate, 6 factories; for biscuits, 23 factories; for pasta, 10 factories; for champaign and vermouth, 7 supplying factories, and so forth. This reflects a still sufficiently large concentration of food industry production in large units that are specialized by restricted groups of products, covering the consumption needs of a number of counties. As a result of this situation, in 1981 the volume of foodstuffs delivered by the production enterprises subordinate to the Ministry of Agriculture and the Food Industry for the commercial stores in other counties, be they neighboring counties or far away, was over one-fourth of the total, requiring the transportation through the wholesale foodstuff trade enterprises' warehouse spaces for the purpose of creating varieties and commercial lots. Similar situations were also brought about by the lack of certain conditions for pre-packaging. The fact that industry delivers large quantities of goods in bulk makes considerably difficult the sale of these products through general sales stores employing self-service and the judicious administration of goods, and it increases the time consumed by the buyers. For example, the in-store manual packaging of sugar leads to a consumption of wrapping paper that is three times greater, with a substantial decrease in the quality of sales service and the workers' labor productivity. It is necessary for the proportions and volume of prepackaging of foodstuffs - on automated existing lines that are of high productivity - to increase correspondingly with the current level of extending and distributing self-service stores throughout the country, stores whose personnel strength is sized for the sale of prepackaged goods.

The measures to optimize and zone the production and deliveries of the consumer goods industry, in light of the tasks regarding self-management and territorial self-supply, are capable of stimulating the creation of relatively small capacity stores for sugar, cooking oil, alcoholic beverages and for the production of canned fruits and vegetables, the development of small-scale industries through the use of local resources of raw materials, and so forth.

Along this line, we are purusing the growth of production and the achievement of an increased number of assortments necessary for the proper supplies for the people, the bringing closer together of the production and areas of consumption,

including by way of the creation of certain agroindustrial production complexes so as to ensure the complete supply of stores in a certain region, the reduction and elimination of the gaps between production and sales in the counties, and the provision of the full amount for the local consumption of perishable and alterable foodstuffs from the production of each county.

It is estimated that through the use of the possibilities that will be created along the lines of rationalizing the movement of goods from production centers to the consumption regions in 1985 the volume of direct factory-store deliveries for foodstuffs will reach approximately 100 billion lei, and the percentage of these goods will reach over 75 percent of the total amount delivered to the markets, which will be reflected in the improvement of supplying the populace.

#### Transportation Corresponding to the New Tasks

The achievement of the measures to extend the direct delivery of goods (factory-store and movements) under the conditions of territorial self-supply requires, among other things, the improvement of the current organization of transportation and the provision of socialist trade units, especially, with specialized transport means that will fully permit the maintenance of the quality and commercial aspects of the goods until they reach the sales units and the consumers. Currently, the entire motor pool, including the specialized vehicles, is organized under the system of the Ministry of Transportation and Telecommunications.

We can mention that in 1980 socialist trade transported approximately 13 million tons of goods, including packaging, of which 50 percent, in value, was represented by foodstuffs, with the vast majority suitable for being shipped on pallets. This significant amount of goods that must be transported from the places of production to the regions of consumption requires a specialized group of vehicles and equipment (insulation materials for perishable and alterable food products). And, as is known, during those periods of intense supply shipments the current transport enterprises only partially satisfy the demands of domestic trade, a situation that causes special difficulties, particularly in the transport of alterable foodstuffs from the factories, causing disruptions in the supplies to the populace. For the purpose of the efficient solution of this problem, with stimulating effects upon the rationalization of the movement of goods under the conditions of going to territorial self-supply, we are proposing to examine the possibilities of creating over the coming period certain specialized enterprises for commercial transportation having a dual subordination that will have a county or intercounty range of activities. Until this problem is resolved, it is necessary to achieve a closer cooperation between the commercial organs and the transport enterprises subordinate to the Ministry of Transportation and Telecommunications.

Providing over the coming years the specialized transport vehicles necessary to the state and cooperatist trade (small capacity insulated vehicles, mechanically-cooled refrigerator trucks and so forth) in relationship to the volume and structure of the goods transported throughout the country, the distances to be covered and so forth would be achieved concomitantly with the increase in the current level of industrial prepackaging, with the adoption of new types of recoverable and reusable packaging, containers and special devices for trade, and so forth, including

the use of vehicles having hydraulic lift equipment to reach the necessary levels, so that this will create the appropriate conditions for extending and developing the direct delivery of goods within the palletization-containerization system from the factory to the sales units.

Similarly, it is necessary to take measures to continue to equip the retail and public food supply commercial networks with small-scale mechanized equipment that will make work easier, increase the productivity of workers in the trade sector and make the acceptance and unloading of goods easier at the level of each sales unit.

8724  
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MINISTRIES STRESS NECESSITY OF FOOD PRICE INCREASES

Domestic Production Stimulus

Bucharest SCINTEIA in Romanian 20 Jan 82 p 2

[Article by Gheorghe Fierbinteanu, deputy minister of the Ministry of Agriculture and the Food Industry: "Correlating the Retail Sale Price With the Production Costs - An Essential Requirement for Increasing Agricultural Production and for Ensuring the Proper Supply of Agro-Food Products to the People and Raw Materials to Industry"]

[Text] A constant and fundamental concern of the leadership of our party and state, and personally of the secretary general of the party, comrade Nicolae Ceausescu, is the permanent improvement of supplying agro-food products to the people for the purpose of continually increasing all the people's standard of living and well-being. To this end, year to year important material and monetary resources have been allocated for the development and modernization of agriculture, concomitantly with the adoption of economic measures for the purpose of stimulating the socialist agricultural units and the people's farms to increase the per hectare agricultural production and, on this basis, the deliveries to the state fund.

The participation of agriculture in the country's economic and social development lies precisely in creating the state's centralized fund of agricultural products, which represents, in the final analysis, the product that is the object of the trade between the village and the city, and in serving as a consumer of industrial products. If during the period 1971-1980 the costs of industrial products slated for use in agriculture increased by approximately 7.2 billion lei, the costs of production, contracting and acquisition for agricultural products were increased by only 4 billion lei. Similarly, during this same period there was a substantial increase in the salaries of the workers, which led to an increase in expenditures in agriculture and, implicitly, in production costs. This caused agriculture to record losses from year to year which, although in the end they are supported by the state budget, during the course of the year the lack of a financial balance between incomes and expenditures put the socialist agricultural units in the situation of not having the financial resources necessary for the proper carrying out of production activities.

The party and state leadership have adopted measures that will ensure the profitability of all the branches of agricultural production and the stimulation of agricultural producers to obtain certain ever greater levels of production. Thus, in December 1980 certain measures were approved regarding the updating and improvement of

correlations for production, contracting and acquisition costs for vegetal and animal agricultural products on economic principles. These measures also kept in mind the influences of external markets and factors generated by the rise in the prices of basic raw materials upon the entire national economy. In 1981, agriculture had to spend an additional 5.6 billion lei as a result of the increases in costs for energy, fuels, lubricants and chemical products. The measures to update and improve contracting prices, which took effect on 1 January 1981, led to an increase in the incomes of the agricultural producers by 9.6 billion lei, without ensuring, however, the full amount to cover the additional costs generated by the increases in prices of industrial products to be used in agriculture. Precisely for this reason it was not possible to implement the new economic-financial mechanism at the level of each socialist agricultural unit, in the sense of at least covering all costs from its own incomes.

Another proof of the permanent concern of the party leadership for the accentuated growth of agricultural production can be seen in the recent measures to stimulate and provide incentives for agricultural producers. Beginning on 1 January 1982, on the basis of decrees Nos 394 and 395 of the Council of State regarding contracts for and acquisitions of vegetal and animal agricultural products, new measures were outlined to stimulate and provide incentives to increase production and the delivery of certain larger quantities of agricultural products to the state fund.

The improvement of the system of prices by giving production bonuses to the agricultural producers according to their participation in creating the state fund will ensure this year supplementary incomes throughout agriculture for the socialist agricultural units and the people's farms of over 15.8 billion lei. These supplementary incomes will permit covering production costs, including those resulting from the correlation and updating of prices and charges in all the fields of material production and services, as well as for mechanized agricultural work that is carried out. Concomitantly with this group of measures and those that deal with the improvement of the organization of labor and production, the elaboration of new technologies adequate for the specific conditions in each region and the most intensive possible use of the technical and material base, the results are that, along the lines of correlating and updating prices, conditions are being created to make all the sectors of agricultural production profitable. It can be said, therefore, that the recent measures elaborate at the initiative of the secretary general of the party are creating conditions to resolve the fundamental requirement of substantially increasing agricultural production: the stimulation and provision of incentives to agricultural producers in order to work better, to obtain more agricultural products and to bring in, in this manner, greater incomes. It is natural, however, for us to take into account that these increases in the prices for contracting and acquiring vegetal and animal agricultural products have direct repercussions upon the production costs in the industrial processing units which use raw materials from agriculture. We must understand the fact that as the party responsible for the contracting plan the industrial processing units will have to buy products from the agricultural producers, such as sugar beets, sunflowers, wheat, corn, meat and so forth, at the higher prices. This will cause these units to produce sugar, cooking oil, flour and so forth with higher production costs.

Objectively, this is the source of the need for the funds to cover the supplementary incomes given by the state to the agricultural producers to be compensated through the appropriate correlation of the production costs with the retail sales price for the agro-food products that reach the market and the consumer. This is a logical requirement of the harmonious development of all the production branches, in this case, the industry processing the raw materials from agriculture. Only in this manner can the activities of the industrial processing units be placed on economic principles and on the basis of economic and financial self-management and self-administration. At the same time, however, only by correlating production costs for the basic agricultural products with the retail prices for agro-food products can the funds be provided to pay the supplementary incomes to the agricultural producers. At the same time, this also provides the supplementary funds that offer the agricultural units the opportunity to carry out certain greater investments for the purpose of increasing agricultural production. This is an essential condition for increasing agricultural production and the basis for delivering certain increased amounts of vegetal and animal products to the state fund, with the provision of supplies to the people under better conditions and the provision of raw materials to the processing industry depending upon this.

#### International Comparisons

Bucharest SCINTEIA in Romanian 2 Feb 82 pp 1, 3

[Article by Petre Gigea, minister of finance: "The Judicious Correlation and Controlled, Planned Evolution of Prices - In the Interest of the Development of the National Economy and the Continued Growth of the People's Well-Being"]

[Text] In dealing with the complex problems of the development and modernization of the national economy, our party started and is always beginning with the concrete, specific realities in one field or another or characteristic of the overall economy and with the objective laws that govern economic and social activities. In this regard, we should note the consistent concern of the party leadership and comrade Nicolae Ceausescu to permanently analyze, on a face-to-face basis, on one hand, the needs to develop the economy and, on the other hand, the possibilities we have available to satisfy these needs.

Certainly, within a living organism like the economy new requirements and new phenomena constantly appear and a series of problems must be resolved that have implications in many fields of activity. In our country, by promoting a scientific system of managing and organizing economic and social activities a rigorous control is ensured over the operation of the production mechanism so that it is possible to promptly intervene to guide the evolution of economic phenomena in the interest of the strategic objective of creating a multilaterally developed socialist society. In this context, we also have the systematic pursuit of the evolution of prices both at the level of the production units and for each product and at the level of the overall national economy, achieving a corresponding correlation between the level of these prices and the other indicators of economic development. At the same time, in establishing prices we keep in mind the achievement of certain fundamental correlations between the prices of different products or groups of

products that will determine the provision of all the assortments of products necessary for production consumption, investments, the people's consumption and exports, as well as the normal movement of goods and a monetary balance in the economy.

In referring to this problem, the secretary general of the party pointed out that there must be a direct relationship in all fields between material expenditures, labor productivity and the prices at which products are sold, in accordance with general laws and the objective requirements of the national economy, and that we must work in accordance with them. In the field of agriculture and the production of agro-food goods, the party leadership gives the greatest attention to the rigorous placing of the prices of these products on scientific bases and controlling them step by step because they directly influence the people's standard of living.

Certainly, there are objective conditions that cause the prices for agro-foodstuffs and other products to experience a certain evolution - a phenomenon belonging to each economy. What is important is the authorities that guide and lead economic activities must master this price mechanism. In some countries, price dynamics are more accentuated and experience greater fluctuations, while in other countries this evolution is more moderated, but in all situations the trend clearly noted is for an increase in prices. Certainly, the main cause is the world crisis in raw materials and energy resources that have had repercussions upon the economic situations of these countries.

And, let us closely follow the table below which refers to the dynamics in the retail price indices for food productions in certain socialist and capitalist countries during the period 1970-1980.

| Tara (1)    | 1970-100 (in procente) |       |       |       |       |                    |
|-------------|------------------------|-------|-------|-------|-------|--------------------|
|             | 1975                   | 1976  | 1977  | 1978  | 1979  | 1980               |
| România     | 105,5                  | 106,1 | 107,1 | 108,1 | 109   | 111                |
| Bulgaria    | 103                    | 103   | 103   | 105   | 111   | 139 <sup>a</sup> ) |
| Ungaria     | 113                    | 120   | 127   | 135   | 149   | 162 <sup>a</sup> ) |
| R.F.G. (2)  | 130,0                  | 136,0 | 142,7 | 144,7 | 147,2 | 153,3              |
| Franța      | 157,5                  | 174,5 | 196,5 | 212,5 | 231,5 | 254,0              |
| Austria     | 136,4                  | 144,4 | 153,5 | 158,7 | 162,9 | 170,3              |
| Elveția (3) | 141,4                  | 139,3 | 141,2 | 146,8 | 152,2 | 162,8              |
| Italia      | 172,2                  | 201,6 | 240,5 | 271,6 | 307,6 | 355,6              |

\* According to the data in the Statistical Yearbook of the CEMA Secretariat, 1981

Key:

- |                 |                |
|-----------------|----------------|
| 1. Country      | 3. Switzerland |
| 2. West Germany |                |

As can be seen, during this period while in the majority of these countries the price indices for foodstuffs experienced considerable increases, in some cases 2.5 to 3.5 times greater, in our country the increase was only 11 percent. It is known that in order to provide certain absolutely necessary goods at especially

advantageous prices and to maintain these price levels over a long period of time, our country has made and is making important financial efforts for the purpose of producing these products.

Let us look at certain suggestive figures. Just in the last 5 years for the overall food industry the costs and prices of production have increased by over 24 percent. This is an average because for some products, such as meat, wheat flour, fish, milk and so forth, the production price increases are much greater. This is the result of noticeable increases in material costs, especially those related to energy and fuels. Similarly, production costs have increased under the conditions of the substantial growth in the workers' incomes, especially in agriculture and the food industry.

During the last five year plan, as every consumer knows, the retail sales prices for the basic agro-food products did not change. In our country, the retail sales prices for some products have practically not been changed for 25 to 30 years.

In other countries, however, during the same period the sales prices have increased: for sugar, 4.5 times greater in the United States and more than 3 times greater in Italy and England; for rice, 3 times greater in the United States and England, 4 times greater in Belgium and 8 times greater in Italy; for bread weighing one kilogram, 3 times greater in the United States, 8 times greater in Italy and over 5 times greater in Austria and West Germany.

A rigorous control has entered into our economic practice that permanently reviews prices and ensures the evolution of these prices within strictly planned limits and in close correlation with the program of raising all the people's standard of living. And, so that these statements will have full meaning, here are several conclusive figures. It is known that in the last five year plan the nominal salary of workers increased by 40.3 percent, which occurred under conditions of a price index of approximately 9 percent and ensured an increase of 29 percent in real salaries. In the hypothetical situation where the nominal salary would have only increased by 20 percent, a level that, in fact, was not attained by some of the countries listed in the table that had price index increase much greater than ours, the real salaries would have increased only by 10 percent.

Further, according to the provisions of the five year plan real salaries will register a substantial growth until 1985, precisely by virtue of a more accentuated increase of the nominal salaries compared to the price indices. This, however, in no way means a freeze on prices. The objective economic factors to which we have already referred - the growth of costs regarding raw materials, energy, fuels and salaries - determine corrections to certain retail sale prices for the purpose of a judicious correlation of these prices with the costs and prices of production. This is a lawful requirement that cannot be ignored in any economy. In a socialist, planned economy, like ours, prices can be controlled at any moment. Just as comrade Nicolae Ceausescu correctly stressed: "The implementation of measures to update and improve the prices in industry and the prices for agricultural products requires as an objective necessity the appropriate correlation of sale prices. Ensuring an

appropriate balance in prices constitutes a decisive factor for the proper operation of economic activities." We must permanently keep in mind that, overall, the correlation of prices will correspond to the interests of society and to the development of production forces and the national economy and will ensure the continuing growth of the people's standard of living in a material and spiritual sense.

In the final analysis, the correlation of prices is a fundamental requirement for the firm application of the new economic-financial mechanism and for carrying out self-administration and self-management in each economic unit. And, in its essence self-administration involves covering all production costs from the unit's own incomes achieved through the sale of its products and obtaining a profit that will be used to give each unit the opportunity to contribute to the development of society and the resources needed to create its own funds. According to the provisions of the new economic-financial mechanism, the profits made by the economic units represent a basic source for creating their own investment funds and funds for social actions, as well as the sole source for creating the materials and raw materials fund and the workers' profit-sharing fund.

It is known that through the measures to update and improve the production and contracting prices, which went into effect on 1 January 1981, the incomes of the agricultural producers increased by approximately 10 billion lei. Similarly, by virtue of the new system of bonuses given out to stimulate the agricultural producers, beginning on 1 January 1982, their incomes will increase by yet another 15.8 billion lei. This is natural, it is equitable and it is an objective economic necessity for these sums to be reflected in the level of the retail sales prices, in a close correlation with increases in salaries, pensions and other incomes of the workers.

At the same time, it is a task of maximum responsibility and importance for all the units in agriculture and industry to work in the spirit of the party leadership's directives to reduce production and transportation costs by all means available. The basic, decisive problems in connection with the prices in our national economy involve the continuing and systematic decrease in the consumption of materials and manpower and the improvement of labor productivity, whose effects must be felt in the accentuated decrease in production costs - the fundamental element upon which the efficiency of the entire economy depends.

In closing, we would like to stress that through the judicious, realistic setting of prices we can ensure an increase in the material incentives for the production units and the workers collectives, permanently mobilizing them, on one hand, to increase production and, on the other hand, to diversify and improve its level of quality. This once again shows the tie that exists between the rational correlation of retail sale prices with production prices and production costs and the improvement in supplying agro-foodstuffs and other products to the people, providing the material basis for continuing to improve all the people's standard of living.

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**CRITICISM OF INDUSTRIALIZATION AT EXPENSE OF AGRICULTURE**

Bucharest VIITORUL SOCIALIST in Romanian Sep/Oct 81 pp 803-809

[Article by Prof. Dr. Docent N. N. Constantinescu, corresponding member of the Academy of the Socialist Republic of Romania]

[Text] 1. In the context of the modern scientific and technical revolution, the industrial development of all production branches is increasingly asserting itself as a law of progress.

It is known that the historical task of eliminating the serious technical-economic backwardness of Romanian agriculture under the bourgeois-landlord regime and of building the modern technical-material base in the countryside was allotted socialism. The principal factor in this undertaking involved socialist industrialization which, through the industries providing agriculture, in addition to electrification, offers the mechanized and chemical means needed for production processes, and through the industries supplied by agriculture creates adequate conditions for efficient marketing of products. More intensive modernization of agriculture is a fundamental requirement for the provision of industry with animal and plant raw materials and of the population, with farm foodstuffs. Hence, the industry-agriculture ratio is a basic one, of paramount importance to the economy and there can be no question of abiding by the fundamental economic law of socialism if it is transgressed. With good reason, Nicolae Ceausescu, the secretary general of the party, repeatedly stated that agriculture, the same as industry, is a basic economic branch. At the Ninth Congress it was stated that "while achieving socialist industrialization at an intensive rate, our party pays special attention to agriculture -- a major factor in the overall economy, an important source of increasing the country's wealth. There is a close tie and mutual conditioning between industry and agriculture. Any underestimation of one of these major economic sectors, any lag of one or the other can trigger discrepancies in the overall economic growth and can have adverse impacts on all social life." [1]

Moreover, the Party Program adopted by the 11th Congress specifies: "Proceeding from the reality that agriculture is a basic branch of our national economy, the party will center its agricultural policy on achieving a modern, intensive and highly productive agriculture, which will use the greatest scientific advances."

From the basic theoretical theses of the party on the fundamental ratios in the economy, it follows that the need for ensuring a sensible ratio between industry and agriculture must be a central facet of the economic policy. In light of this essential

stand, under socialism, our agriculture has made tremendous headway. In 1980 the overall agricultural production was about 4 times that for 1950.

The overall process of development of the country, on the one hand, and, on the other hand, of agriculture, however, has indicated that there also exist some discrepancies which point out a contradiction between the manner in which socioeconomic activity practically unfolds and the program thesis formulated, a contradiction that needs to be resolved. For instance, agricultural production does not keep pace: a. With industry's need for agricultural raw materials, holding back the very progress of industry; b. With the population's farm foodstuff consumption needs; c. With Romania's export needs. Moreover, inside agriculture, there is a strong discrepancy between the fodder base and the cattle sector, between the actual production in the field and the harvested production and, so much the more, the production in silage, between the still great proportion of the population considered as agricultural and the level of actual utilization of this population in farm operations, and so forth.

All this indicates that the agricultural sector has some deficiencies, ones that have resulted in only partial implementation of the plans on increasing agricultural output and specifically, livestock production. As a matter of fact, agricultural production discords with the country's potential.

2. The party secretary general, analyzing the deficiencies in the economy and specifically in agriculture, in February 1981, at the Second Congress of management councils of socialist agricultural units, of all peasantry, of councils of working people in the food industry and silviculture, stated: "In light of the experience in socialist construction in our country, it very obviously now appears that the thesis of priority industrialization at the expense of agricultural growth and modernization has actually resulted in neglecting the importance of increase in farm production. Implementation of this course generates disproportions in the overall socioeconomic development and has an adverse impact on the people's standard of living." [2]

Profound understanding of the significance of the criticism by the party secretary general of the thesis of priority industrialization at the expense of agricultural development and modernization makes it necessary to examine, even succinctly, the mode of existence and actual operation of this thesis.

When studying the history of socialist construction we note that the thesis involved does not derive from theory -- moreover, the basic economic law of socialism, also, indicates this --, but from the way of thinking and acting in practice, in the first place of workers in industry and in a number of central agencies and has had, as immediate scope, either the justifying of some exaggerated requests for funds in industry (in the context of dispersal of efforts and failure to complete on schedule investment projects), or covering, at the expense of agriculture, some serious shortcomings in the industrial area, in terms of ensuring the efficiency of some investment funds and the efficiency of a part of production.

What does the essence of this fallacious thesis, criticized by the party secretary general, involve?

a. Inadequate attention paid to agriculture in the area of investment projects. We must point out that, more than once, encouraging this attitude were also persons

in direct management of agriculture who did not take satisfactory action for the implementation of the investment plan adopted in various periods for this branch;

b. Lack of concern on part of some central organs for ensuring material covering, at the adequate level, on schedule and correspondingly qualitatively, of the investment funds for agriculture, claiming that industry had precedence;

c. Not enough actual and sustained concern of some industrial ministries, centrals and plants for devising more cost-effective, more efficient, more reliable, and more low-cost machines for agriculture. This has resulted in exaggerated costs, unsatisfactory productivity of agricultural labor, insufficient upgrading of quality for many products, difficulties in implementation of the principles of economic rationality and efficiency in this field which is of major importance, not counting the fact that the expenses for provision of equipment have risen quite disproportionately rapidly versus agricultural production. As a matter of fact, a number of subbranches of the machine building and chemical industries shifted the burden of the poor technical and economic quality of their work to agriculture;

d. Concern, now still inadequate, of managerial personnel in industry with more strictly rationalizing live labor consumption and to this end ensuring the use in production of less intensive -- less labor consuming -- technologies and procedures and, hence, the transfer on a larger scale than that objectively required by industrial production, of young people and male personnel from rural areas, to be employed in industry, considering that nature, women and old people will be able to manage on their own in agricultural production. Hence, even though the complexity, difficulty and intensity of modern farm work most often are not lesser but even greater than those in the case of the industrial worker, the difference between the mean incomes of people in agriculture and the mean wage of industrial workers continues to be significant, albeit, for the purpose of ensuring the necessary rise in farm production, the time has come for this difference to be eliminated. Moreover, factors in the failure to resolve this difference which is at the expense of agricultural labor included high costs, in both live labor and materialized labor per unit of product in industry, a fact that impedes timely meeting with products some possible new purchasing capacity that would result from elimination of the above difference. We must remember that in practice, the shortcomings in this area may also result in disruptions in the currency flow;

e. The thesis of industry's priority also found its expression in the fact that while the branches that supply agriculture provide it with mechanical, chemical and other means of production which are too costly, swelling its expenses, the branches supplied by agriculture acquire its products at prices which not always take into consideration the actual costs and their evolution in the world context. However, while for the means of production which it provides to agriculture industry calculates all its costs and does not forget to point out the world level of the various categories of prices, this is not done for agriculture. Furthermore, also significant is the fact that the Statistical Yearbook of the Socialist Republic of Romania publishes the structure of costs in industry but not also that of costs in agriculture. Consequently, a substantial difference has developed between the price received by the agricultural producer and the price in selling the products of the food industry and of other industries that utilize agricultural raw materials, without, very often, the possibility of explaining this difference by the input of processing. That is why a cattle

expert demonstrated that a cow is more profitable for the person that cuts it and, hence kills it, than for the person that raises it. In other words, too great a part from the net income of industries based on agricultural raw materials derives from agriculture and not from industrial labor proper. Consequently, no wonder that, in statistics, the input of agriculture into the national income is undersized and that of industry, is oversized;

f. Another face of the fallacious thesis according to which the development of agriculture comes second to that of industry involves underestimation, for a very long time, of the need for developing a modern agriculture, one that is specialized in export. More precisely, it is a matter of an agriculture which, on the one hand, should be fully capable of meeting the domestic consumption needs, and, on the other hand, should have availabilities in excess of those needed for the domestic market, specifically destined for export. We should not omit the fact that in the United States, Denmark but also in Bulgaria, for instance, the exportable farm output is a massive source of incomes of the balance of payments, that competes with many industries. More sustained attention paid agriculture not only would spare us a number of agricultural exports that cost foreign currency but would also offer us added outstanding prospects in terms of foreign currency intake which, in its turn, could stimulate further expansion of agricultural production;

g. The thesis of priority development of industry at the expense of the development and modernization of agriculture seems to us erroneous also in terms of utilization of natural resources. The land provides us with a number of substances and the sun with an energy for which we do not pay. Moreover, the land is a limited resource. Why should we waste them and why should we not do everything in our power to fully meet the consumption needs of the people and the export needs by utilizing them? Why do we pay special attention only to imported raw materials and energy?

h. Finally, connected with the thesis criticized by the party secretary general is also the fact that the school, press and television, almost all propaganda did not pay necessary attention to agricultural work and its special importance to the economy, precisely for the purpose of promoting the priority of the development of industry at the expense of agriculture.

We shall stop here in listing the facets that characterize the fallacious thesis criticized by the party secretary general. The examination of these facets indicates that the revolutionizing of agricultural production necessitated by practice involves, as a sine qua non, the overcoming, on a theoretical basis but especially, on a practical basis, of the thesis of industrialization at the expense of the development and modernization of agriculture. We must not forget that insufficient development of agriculture affects the standard of living and is a serious impediment in the very development of industry and, by and large, of the country.

3. In regard to the problem of sensible proportions of agriculture in this country, we point out that the per capita area of arable land and its quality, the level of development reached by industry, Romania's scientific capacity and human resources are essential factors which permit the ensuring of a plant and livestock production capable of fully meeting the people's continuously growing domestic consumption needs and the industry's needs for raw materials, and also producing a significant exportable surplus, in the context in which the export of farm produce and manufactured goods based on agricultural raw materials no longer must affect domestic consumption.

All this spotlights the problem of upgrading the planning and management of agricultural production. Hence, upgrading must take into consideration the specific features of this branch and the specific features of domestic and foreign demand for agricultural products, in the context of elimination of the excessive centralism now in existence. We must remember that, essential as they are in agriculture, the pedoclimatic conditions differ not only from one zone to another but also in one zone and even within one agricultural unit, and moreover, they evolve in the course of time. Consequently, excessive centralism is absolutely inadvisable. More than in any other branch, in this area decisions must be taken, each time, at the levels where the problems are best known, where resources for their actual resolution exist and maximum creative initiative, responsibility and efficiency can be promptly displayed. Of course, this involves corresponding competence for the production units and local organs and implementation.

In the context of planning the internal proportions of agriculture, in our view, it is necessary to show very close concern for actual provision of the livestock sector with the required feed base, a requirement which is essential for the progress of livestock production. However, it is not sufficient to correctly determine the proportions of agriculture; we must also ensure the leverages, including the factors capable of effectively leading to their achievement under the best possible conditions. Hence, we have in mind:

- a. Ensuring of a systematic drive to introduce technical and scientific advances in agriculture, in a harmonious combination of expanding complex mechanization, chemi-calization, application of results obtained by biological sciences, rise in the productive capacity of the land and corresponding advancement in the skills of personnel, so that we may assure the planned economic effects, materialized in boosting production, improving its quality and reducing production costs. Furthermore, firmer measures must be taken by industry to increase the technical efficiency and reliability of the system of machines supplied to agriculture and also to significantly reduce their cost;
- b. Ensuring of investments in the proportions required by the need for massively increasing agricultural production for domestic consumption and the foreign market and improvement, for this purpose, of labor productivity and quality of products. We must point out that the increase in the proportion of investment funds in agriculture must be accompanied by ensuring of the technical-material base for their completion so as to avoid situations of nonfulfillment of the investment plan;
- c. Greater concern for the human factor in agriculture. This involves measures to provide workers in agriculture with social by-laws similar to those of workers in industry (pensions, allowances for children, medical assistance, and the like). Moreover, greater and more effective concern must be displayed for stabilizing the agricultural work force, for the fullest possible utilization of the work force throughout the year by the overall development of agricultural units, the expansion of small-scale industry in rural areas, the better utilization of private farms, by granting, to this end, the necessary support for animal husbandry and vegetable growing;
- d. A better correlation of contracting prices and rates of SMA [Stations for Mechanization of Agriculture] with the zonal costs of units, so that the incentives for boosting farm output may be ensured. Moreover, necessary is also a better correlation of the prices for the means of production supplied to agriculture with the

prices for agricultural raw materials;

e. Taking of economic and political-organizational measures for the realization of all competences in the area of self-administration and economic-financial self-management in agricultural units, for the purpose of fully mobilizing the initiative, promptitude and responsibility in work of all collectives and workers, aimed at more rapidly increasing production and reducing the costs per unit of product lending strong impetus to economic rationality and activity. This would also involve the enhancement of the role of agroindustrial councils and their switch to economic self-management, an element which, in its turn, involves the clarification of the self-management relations between the component units and the unified council;

f. In this context, it is advisable to take into consideration that all the experience in socialist construction indicates that the administrative factors have serious limitations and if they are used without their being correspondingly doubled by economic factors and efficiently combined with them, from a certain point the administrative factors can no longer ensure the progressive movement of agricultural production, with blocking elements even appearing in its growth. Actually, in such a situation, the use especially of administrative factors proves to be costlier, it results in loss that is too great and also generates rigidity, precisely when there is the need for flexibility and resilience, hence, it results in lack of prompt initiative and responsibility, when and where these seem needed most urgently.

Account should also be thoroughly taken of the fact that the objective mechanism of the action of economic laws involves correct consideration not only of the system of needs of productive and unproductive consumption, but also of the system of economic interests objectively existing in the economy and of a system of economic incentives coupled with corresponding responsibilities, capable of actuating the system of interests so that the parties involved may operate harmoniously for ensuring the obtaining of a production which meets the system of needs. In this context, we must also point out that the incentive must have the size that can trigger the interest involved, otherwise it is inoperative. The experience in socialist construction demonstrates the importance of the economic factors in inextricable combination with the moral and political factors, their capacity of mobilizing, on a mass scale, the production capacities and of relatively rapidly adapting production to the requirements of social need.

Ensuring the dynamic proportions required for agricultural production, hence, involves concern with the technical factor and the human factor, with the specification that, ultimately, the last-named is decisive;

g. Ensuring of a more realistic evidence of efforts and results in agricultural production and the more accurate determination of agriculture's input into the formation of the national income.

In light of the requirements of the new economic mechanism and of the pressing economic needs, the necessity arises for changing the mode of thinking and resolving the issues of agricultural production by all cadres in agriculture, industry, finance, planning and other areas. In their turn, the school, press, radio and television, also, must conduct a proper activity for the development of a new concept on agricultural work, on its significant role and importance in society, on the job training in this field, on economic and social efficiency, and so forth.

All the above indicates that the agrarian revolution has not only a technicoscientific facet but also an economic and social one. As a matter of fact, one can note that the central factor must be the individual -- the major productive force of society.

The tremendous increase and improvement in agricultural production are of decisive importance to implementation of the party program for advancing the standard of living in the context in which this country will join the medium-size economically developed countries. Hence, agriculture becomes the touchstone for our abilities of technical, economic and social thinking and action. Urging the mobilization of all forces for the completion of the new agrarian revolution in our country, the party summons us to resolve a crucial problem of our current economy. We are fully confident that, under the leadership of the party, with the experience gained, we will successfully resolve it.

#### FOOTNOTES

1. Nicolae Ceausescu, "Romania pe Drumul Desavirsirii Constructiei Socialiste" [Romania Along the Road of Completing Socialist Construction], Vol I, Bucharest, Edit. Politica, 1968, p 290.
2. Nicolae Ceausescu, "Cuvintare la Congresul al II-lea al Consiliilor de Conducere ale Unitatilor Agricole Socialiste, al Intregii Tarantimi, al Consiliilor Oamenilor Muncii din Industria Alimentara, Silvicultura si Gospodarirea Apelor" [Address to the Second Congress of Management Councils of Socialist Agricultural Units, of All the Peasantry, of Councils of Working People in the Food Industry, Silviculture and Water Management], 19 February 1981, Bucharest, Edit. Politica, 1981, pp 8-9.

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